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HEALTH SERVICES AND DEVELOPMENT AGENCY
NOVEMBER 19, 2014
APPLICATION SUMMARY

NAME OF PROJECT: Parkridge Medical Center

PROJECT NUMBER: CN1408-035

ADDRESS: 2333 McCallie Avenue
Chattanooga (Hamilton County), TN 37404

LEGAL OWNER: Parkridge Medical Center, Inc.
2333 McCallie Avenue
Chattanooga (Hamilton County), TN 37404

OPERATING ENTITY: Not Applicable

CONTACT PERSON: Jerry W. Taylor
(615) 782-2228

DATE FILED: August 15, 2014

PROJECT COST: \$2,968,942.12

FINANCING: Cash Reserves

PURPOSE FOR FILING: Acquisition of a 2nd Magnetic Resonance Imaging (MRI)
Fixed Unit at a cost in excess of \$2 million

DESCRIPTION:

Parkridge Medical Center (PMC), a 275 bed acute care hospital operating under the consolidated 551 bed license of its owner, Parkridge Medical Center, Inc., is seeking approval for the acquisition of a second magnetic resonance imaging (MRI) unit. Although the proposed 2nd MRI unit does not involve the initiation of a new service at PMC, it will add MRI capacity to the applicant's 8-county primary service area. As a result, the MRI criteria have only been addressed during initial review of the application and in the staff project summary to make clear how the proposed 2nd MRI scanner will be utilized.

MAGNETIC RESONANCE IMAGING SERVICES

1. Utilization Standards for non-Specialty MRI Units.

- a. An applicant proposing a new non-Specialty stationary MRI service should project a minimum of at least 2160 MRI procedures in the first year of service, building to a minimum of 2520 procedures per year by the second year of service, and building to a minimum of 2880 procedures per year by the third year of service and for every year thereafter.

The applicant seeks approval to add a 2nd MRI unit at its main hospital campus. Per Item 1(a) of the 6/28/14 supplemental response, the applicant states that this standard is more relevant to a new provider and does not apply to the project since it is not initiating a new service. However, HSDA staff requested responses to the criteria given that the project will increase MRI inventory in the service area.

The methodology used to project MRI utilization in the table below and recapture utilization unique to the proposed 3.0 Tesla MRI focusing on neurological and spine scans was identified in the application and supplemental response. Projected utilization for the proposed MRI unit is 2,107 in Year 1 increasing to 2,149 procedures in Year 4. The utilization of both the applicant and the hospital MRI units is shown in the table below. For purposes of comparison only, HSDA staff has provided historical and projected utilization as a percentage of the MRI standard.

| | 2012 | 2013 | 2014 (estimated) | Y1 | Y2 |
|--------------------------------|-------|-------|---------------------|-------|-------|
| Applicant's Existing 1.5T Unit | 2,496 | 2,060 | Not Applicable | 957 | 976 |
| Proposed 3.0T unit | | | 2,056 | 2,107 | 2,149 |
| Total Procedures | 2,496 | 2,060 | 2,056 | 3,064 | 3,125 |
| As a % of MRI standard | 87% | 72% | 71% | 61% | 58% |

Since the applicant is proposing to add an MRI unit to an existing MRI service, it appears that this criterion is not applicable; however the applicant does not project utilization that will meet the minimum MRI standard by the second year of operation.

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b. Providers proposing a new non-Specialty mobile MRI service should project a minimum of at least 360 mobile MRI procedures in the first year of service per day of operation per week, building to an annual minimum of 420 procedures per day of operation per week by the second year of service, and building to a minimum of 480 procedures per day of operation per week by the third year of service and for every year thereafter.

c. An exception to the standard number of procedures may occur as new or improved technology and equipment or new diagnostic applications for MRI units are developed. An applicant must demonstrate that the proposed unit offers a unique and necessary technology for the provision of health care services in the Service Area.

d. Mobile MRI units shall not be subject to the need standard in paragraph 1 b if fewer than 150 days of service per year are provided at a given location. However, the applicant must demonstrate that existing services in the applicant's Service Area are not adequate and/or that there are special circumstances that require these additional services.

e. Hybrid MRI Units. The HSDA may evaluate a CON application for an MRI "hybrid" Unit (an MRI Unit that is combined/ utilized with medical equipment such as a megavoltage radiation therapy unit or a positron emission tomography unit) based on the primary purposes of the Unit.

The criteria identified in items 1.b – 1.e above are not applicable to the applicant's proposed acquisition of a 2nd MRI unit.

2. Access to MRI Units. All applicants for any proposed new MRI Unit should document that the proposed location is accessible to approximately 75% of the Service Area's population. Applications that include non-Tennessee counties in their proposed Service Areas should provide evidence of the number of existing MRI units that service the non-Tennessee counties and the impact on MRI unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity (if that data are available).

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The applicant has designated Bradley, Hamilton, Marion, Meigs, Rhea, and Sequatchie Counties in Tennessee and Catoosa and Walker Counties in Georgia as its MRI primary service area (PSA) based on its existing MRI service operations. Residents of the PSA accounted for 1,716 or 84% of the applicant's 2,054 MRI procedures in CY2013. There are currently 20 MRI providers with 28 fixed MRI units in the 6-county Tennessee PSA. Residents of the PSA accounted for 40,607 or 70.4% of the 57,675 total MRI procedures performed by the 20 providers in the PSA in CY2013.

There are 2 MRI providers in 2-county Georgia portion of the applicant's PSA – Hutcheson Medical Center located on the Catoosa and Walker County line and Battlefield Imaging in Catoosa County (further information about these providers is addressed in the Historical Utilization section of this staff summary).

The applicant states that the project should have little impact to any of the providers in its 8-county PSA.

It appears that this criterion has been met.

3. Economic Efficiencies. All applicants for any proposed new MRI Unit should document that alternate shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

The applicant notes that the acquisition of stronger field magnet will provide higher MRI resolution images of neuro and spine cases currently being referred by its medical staff to the 3 other providers that operate a 3.0 Tesla MRI scanner in the applicant's 8-county PSA. As a result, the applicant alleges that the hospital should not be required to investigate sharing the services with other providers in order to acquire a 2nd MRI unit to fulfill the needs of its patients.

It appears that the applicant will meet this criterion.

4. Need Standard for non-Specialty MRI Units.

A need likely exists for one additional non-Specialty MRI unit in a Service Area when the combined average utilization of existing MRI

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service providers is at or above 80% of the total capacity of 3600 procedures, or 2880 procedures, during the most recent twelve month period reflected in the provider medical equipment report maintained by the HSDA. The total capacity per MRI unit is based upon the following formula:

Stationary MRI Units: 1.20 procedures per hour x twelve hours per day x 5 days per week x 50 weeks per year = 3,600 procedures per year

Mobile MRI Units: Twelve (12) procedures per day x days per week in operation x 50 weeks per year. For each day of operation per week, the optimal efficiency is 480 procedures per year, or 80 percent of the total capacity of 600 procedures per year.

A total of 28 stationary MRI units were operating in the 6-county TN service area in 2013. If approved, this project plus 2 other pending applications would increase the inventory to 31 MRI units at MRI provider sites in Tennessee by early 2016. The MRI utilization of the 28 units in the PSA, excluding units located in the 2-county Georgia portion of the applicant's PSA, was 57,675 in 2013 and 57,672 procedures in 2012 for an average of approximately 2,060 MRI procedures per unit per year during the period. The combined occupancy averages approximately 72% of the 2,880 MRI standard for new units (HSDA Equipment Registry as of 10/31/14).

It appears that the applicant does not meet this criterion.

5. Need Standards for Specialty MRI Units.

This standard does not apply to this application.

6. Separate Inventories for Specialty MRI Units and non-Specialty MRI Units.

This standard does not apply to this application.

7. Patient Safety and Quality of Care. The applicant shall provide evidence that any proposed MRI Unit is safe and effective for its proposed use.

- a. The United States Food and Drug Administration (FDA) must certify the proposed MRI Unit for clinical use.

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The applicant has provided documentation in the application confirming that the proposed MRI meets FDA certification requirements.

It appears that this criterion has been met.

- b. The applicant should demonstrate that the proposed MRI Procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.

The applicant has provided a letter dated August 12, 2014 from a licensed architect of an architectural/engineering firm stating that the renovation of existing space for installation of the 2nd MRI unit will conform to applicable codes and standards.

It appears that this criterion has been met.

- c. The applicant should demonstrate how emergencies within the MRI Unit facility will be managed in conformity with accepted medical practice.

The MRI service of Parkridge Medical Center utilizes existing policies and policies of the hospital for emergencies (policies were provided in 8/28/14 supplemental response). The applicant hospital has a fully staffed 24/7 Emergency Department that performed 33,383 visits in CY 2013.

It appears that this criterion has been met.

- d. The applicant should establish protocols that assure that all MRI Procedures performed are medically necessary and will not unnecessarily duplicate other services.

The applicant described the process, including the method for handling MRI pre-certifications, it will use to ensure that MRI procedures are performed only when medically necessary.

It appears that this criterion has been met.

- e. An applicant proposing to acquire any MRI Unit or institute any MRI service, including Dedicated Breast and Extremity MRI Units, shall demonstrate that it meets or is prepared to meet the staffing recommendations and requirements set forth by the American College of Radiology, including staff education and training programs.

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The applicant states that Parkridge Medical Center is Joint Commission Accredited and is also accredited by the American College of Radiology.

It appears that this criterion has been met.

- f. All applicants shall commit to obtain accreditation from the Joint Commission, the American College of Radiology, or a comparable accreditation authority for MRI within two years following operation of the proposed MRI Unit.

The applicant states that it currently holds and will maintain accreditation by these organizations.

It appears that this criterion has been met.

- g. All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.

As noted, the applicant is a licensed hospital in good standing and complies with this criterion. The service has physician medical staff and a medical director that hold full admitting privileges.

It appears that this criterion has been met.

8. The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.

The applicant indicates data will be submitted within the expected time frame.

It appears that this criterion has been met.

9. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration; or

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All or portions of each county in Parkridge Medical Center's MRI service area are located are designated as medically underserved areas by the Health Resources and Services Administration. The applicant states that it does not rely on the designation of MUAs as a justification of need for acquisition of a second MRI unit.

The applicant meets this criterion.

- b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program; or

The criterion does not apply to this application.

- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

The applicant states that it contracts with all TennCare managed care organizations that operate in the service area.

It appears that the applicant meets this criterion.

- d. Who is proposing to use the MRI unit for patients that typically require longer preparation and scanning times (e.g., pediatric, special needs, sedated, and contrast agent use patients). The applicant shall provide in its application information supporting the additional time required per scan and the impact on the need standard.

The applicant states that acquisition of a 3.0 Tesla will significantly contribute to the recapture of referrals of patients needing neuro/spine scans by its employed physician group (Spine Surgery Associates) and other members of the hospital's medical staff (approximately 1,403 patient referrals of this kind were made by these physicians to other providers with 3.0T MRI units in the PSA during 2013). However, this does not appear to address longer preparation and scanning times for patients who have special needs, are pediatric, or that require sedation and contrast agent use.

It appears that this criterion does not apply to the project.

Staff Summary

The following information is a summary of the original application and all supplemental responses. Any staff comments or notes, if applicable, will be in bold italics.

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The applicant seeks approval to purchase a second MRI unit at a cost of approximately \$2,391,180.00, including service agreement, taxes and shipping costs, for use as a companion MRI unit with its existing MRI unit on the hospital campus. The proposed unit will provide higher magnet strength and updated technology and will be used, in large part, by patients with neurological and spine conditions referred by physicians of Spine Surgery Associates, PMC's employed physician group (physicians of the practice referred approximately 1,403 patients to other MRI providers in recent year). The proposed GE Optima 3.0 Tesla unit will be housed in an existing 1,202 square foot area on the ground floor of the hospital that is not being used for patient care and will require minor renovation at a total cost of approximately \$521,097.00, including site preparation and architectural/engineering costs. The hospital's existing Philips Gyroscan MRI unit manufactured in 1995 will remain in place on the second floor and is expected to be used almost exclusively by inpatients once the new 3.0 Tesla unit is operational. The applicant states that the location of the proposed unit on the ground floor will provide a "street front" entrance for outpatients, will reduce congestion and improve flow in the building. The hours and days of operation of the hospital's MRI service will not change as a result of the project.

History

Parkridge Medical Center, Inc., the owner of Parkridge Medical Center (PMC), a 275 bed general hospital and subject of this application, holds a consolidated license for 5 facilities containing a combined total of 621 acute care beds. The applicant is considered the main hospital located on a 24.2 acre campus at 2333 McCallie Avenue in Chattanooga. The 4 satellite campus facilities of PMC are as follows:

- Parkridge East Hospital has 128 general hospital beds and is located 5 miles from PMC at 941 Spring Creek Road
- Parkridge Valley Hospital has 84 child and adolescent psychiatric beds and is located 11 miles from PMC at 2200 Morris Hill Road
- Parkridge Valley Adult Services, the former Cumberland Hall mental health hospital prior to its acquisition by PMC, Inc. in 2012, has 64 adult and geriatric psychiatric beds and is located 3 miles from PMC at 7351 Courage Way in Chattanooga.
- Parkridge West Hospital, the former Grandview Medical Center prior to its acquisition by PMC, Inc. in March 2014, has 70 general hospital beds and is located 28 miles from PMC at 1000 Highway 28 in Jasper, TN,

All facilities except the satellite Parkridge East Hospital and Parkridge West Hospital were the subject of 3 recent Certificate of Need projects involving the redistribution and addition of acute care beds, the realignment of services and new construction or renovation at a total combined project cost of

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approximately \$10.5 million. Parkridge West Hospital is not included in the table below since it had not yet been acquired when the CON applications were filed in 2012. The table below provides a snapshot of these recent projects:

Licensed Acute Bed Changes Parkridge Medical Center, Inc., 2012

| Bed Type | *PMC Before | *PEH- Before | *PVH- Before | *PVAS Before | *Total- Before | *PMC- After | *PEH After | *PVH- After | *PVAS- After | *Total- After |
|---------------------------------|----------------|-----------------|-----------------|-----------------|-------------------|----------------|---------------|----------------|-----------------|------------------|
| Med/Surg | 214 | 66 | 0 | 0 | 280 | 239 | 66 | 0 | 0 | 305 |
| ICU | 24 | 8 | 0 | 0 | 32 | 24 | 8 | 0 | 0 | 32 |
| OB/GYB | 0 | 32 | 0 | 0 | 32 | 0 | 32 | 0 | 0 | 32 |
| NICU | 0 | 22 | 0 | 0 | 22 | 0 | 22 | 0 | 0 | 22 |
| Geri- Psych | 25 | 0 | 0 | 0 | 25 | 0 | 0 | 0 | 16 | 16 |
| Adult Psych | 0 | 0 | 48 | 0 | 48 | 0 | 0 | 0 | 48 | 48 |
| C&A Psych | 0 | 0 | 68 | 0 | 68 | 0 | 0 | 84 | 0 | 84 |
| Rehab. | 12 | 0 | | 0 | 12 | 12 | 0 | 0 | 0 | 12 |
| TOTAL ACUTE BEDS | 275 | 128 | 116 | 0 | 519 | 275 | 128 | 84 | 64 | 551 |

| | | | | | | | | | | |
|-------------------------------|------------|------------|------------|----------|------------|------------|------------|------------|-----------|------------|
| Residential Psych | 0 | 0 | 24 | 0 | 24 | 0 | 0 | 24 | 0 | 24 |
| TOTAL ALL BEDS | 275 | 128 | 140 | 0 | 543 | 275 | 128 | 108 | 64 | 575 |

*KEY; PMC=Parkridge Medical Center (CN1202-005A); PEH=Parkridge East; PVH-Parkridge Valley Hospital (CN1202-006A); PVAS-Parkridge Valley Adult Services (CN1202-007A)

Two (2) of the 3 CON projects have been completed (February, June 2013) and services initiated. Parkridge Valley Hospital, CN1202-006AM, a 64-bed child and adolescent psychiatric services satellite hospital, remains in progress as an outstanding CON and is described in the section following this staff summary.

Ownership

Parkridge Medical Center, Inc. is a subsidiary of Hospital Corporation of America (HCA). As noted, the owner operates 4 hospitals in Chattanooga and a satellite hospital in Jasper, TN, under the same or consolidated 621 acute care bed license. Related highlights pertaining to the ownership of the applicant are as follows:

- Parkridge Medical Center is 100 percent owned by Hospital Corp., LLC, whose parent organization is (through several corporate entities) is HCA, Inc. of Nashville, Tennessee.

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- HCA is composed of locally owned facilities that include approximately 190 hospitals and 82 outpatient surgery centers in 23 states, England and Switzerland.
- The applicant is part of the locally managed HCA, Inc. which operates 14 hospitals and several surgery and imaging centers in Tennessee. An organizational chart is enclosed in Attachment A.4.

Facility Information

The current licensed bed complement of the PMC main hospital at 2333 McCallie Avenue in Chattanooga consists of 275 licensed hospital beds as follows: 239 medical, 24 ICU/CCU, and 12 rehabilitation beds. Of PMC's 275 licensed beds, 166 beds are presently staffed. Review of the Joint Annual Report revealed that 166 beds were staffed in calendar year (CY) 2013. Based on 39,074 total patient discharge days, the licensed and staffed hospital bed occupancy of the main hospital was 39% and 64%, respectively, during the period. According to the Department of Health and pertaining to the Joint Annual Reports, the following defines the two bed categories:

Licensed Beds- The maximum number of beds authorized by the appropriate state licensing (certifying) agency or regulated by a federal agency. This figure is broken down into adult and pediatric beds and licensed bassinets (neonatal intensive or intermediate care bassinets).

Staffed Beds-The total number of adult and pediatric beds set up, staffed and in use at the end of the reporting period. This number should be less than or equal to the number of licensed beds.

Other key highlights of the proposed project are noted below.

- The existing MRI unit is on the second floor of PMC at its 24 acre campus in Chattanooga.
- The proposed 3.0 Tesla MRI unit will be housed in 1,202 square feet (SF) of space on the ground floor of the existing hospital building.
- The cost for site preparation, architectural fees and minor renovation of the area that will house the 2nd MRI unit is approximately \$521,097.00 or \$453.53 per square foot.
- Per HSDA records, the project's \$453.53/SF renovation cost is higher than both the 3rd quartile hospital renovation cost of \$249/SF and the total construction cost of (\$274.63/SF) for the 2011 - 2013 period. The applicant states the higher project cost results from several factors, including high fixed cost and technical requirements for installation of the MRI equipment.
- The architectural firm documented that all construction related to imaging services will incorporate required shielding and safety related components.

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- The revised equipment quote provided in the 8/28/14 supplemental response documented the purchase price of the unit. The term was extended to an effective date of November 24, 2014.
- The applicant anticipates initiating services at the outpatient diagnostic center in September, 2015 subject to licensure by TDH. A brief summary of the project is provided on pages 6-8 of the application.

Project Need

The applicant states that acquisition of the proposed 3.0Tesla MRI unit is needed for the following reasons:

- Current hospital MRI unit is 18 plus years old. If the project is approved, the existing unit will be used, in large part, by inpatients of the hospital.
- Provide additional capacity with high strength, new technology MRI unit that can meet the unique neuro and spine MRI imaging needs of patients of PMC's employed physician group and other medical staff physicians.
- Improve continuity of care through the availability of unique MRI diagnostic technology linked to PMC's internal patient electronic medical record system.
- Reduce problems with having to refer patients to small number of providers with 3.0 Tesla MRI units (3 of 20 in the PSA). Unable to control problems with MRI waiting times or re-scheduling as a result of "bumping" by inpatient and trauma care patients.
- Improve patient access and flow in the facility for use by PMC's outpatients

Service Area Demographics

Parkridge Medical Center's declared MRI primary service area (PSA) includes Bradley, Hamilton, Marion, Meigs, Rhea and Sequatchie Counties in Tennessee and Catoosa and Walker Counties in Georgia. Residents of the service area accounted for approximately 84% of the applicant's total MRI procedures in calendar year (CY) 2014.

- As noted in the TDH project summary, the total population of the Tennessee portion of the service area is estimated at 539,931 residents in CY 2014 increasing by approximately 3.1% to 553,487 residents in CY 2018.
- The overall Tennessee statewide population is projected to grow by 3.7% from 2014 to 2018
- Residents age 65 and older account for approximately 16.5% of the total TN service area population compared to 16% statewide.
- The age 65 and older resident population is expected to increase by 6.2% compared to 6.1% statewide from CY2014 - CY2018.
- The median age in the 6-county Tennessee service area is estimated at age 41 compared to age 38 statewide.

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- The number of residents enrolled in TennCare ranges from 16.5% to 24% of the total service area population compared to 18.1% statewide.

Applicant's Historical Utilization

As noted in Item 7 of the 8/28/14 supplemental response, residents of the applicant's primary service area (PSA) accounted for 1,716 MRI procedures or 84% of the applicant's 2,054 total procedures in CY2013. Please note the table below.

| Year | PSA Resident Procedures (TN) | PSA Resident Procedures (GA) | Total PSA Resident Procedures | Hospital's Total MRI Procedures | PSA Resident Use as a % of Hospital Total |
|--------|------------------------------|------------------------------|-------------------------------|---------------------------------|---|
| CY2013 | 1,464 | 252 | 1,716 | 2,054 | 84% |
| CY2012 | 1,724 | 339 | 2,063 | 2,496 | 83% |
| CY2011 | 1,605 | 287 | 1,892 | 2,320 | 82% |

The table reflects the following:

- MRI utilization decreased in the PSA by approximately 11.5% during the period.
- Use of the applicant's MRI service by Tennessee and Georgia residents decreased by 15% and 26%, respectively, from CY2012 - CY2013.
- On average, Georgia residents accounted for approximately 14% of the hospital's total volumes during the period.

Review of the Georgia provider websites by HSDA staff and conversation with MRI management representatives revealed the following:

- Hutcheson Medical Center's radiology department operates an older MRI unit on the 185 bed hospital campus in Fort Oglethorpe, Ga. The hospital previously participated in a joint venture with Battlefield Imaging.
- The hospital was also a former member of Erlanger Health System.
- The hospital unit performed approximately 300 MRI procedures from October 1, 2013 to September 30, 2014.
- Prior to its joint venture, the hospital averaged approximately 1,900 to 2,600 MRI procedures per year. Once the JV was implemented, physicians referred to the newer, open MRI unit at the Battlefield Imaging facility.
- Battlefield Imaging in Ringgold, Ga. operates an open MRI unit that performed approximately 2,400 procedures from October 1, 2013 to September 30, 2014.

Historical Utilization of All MRI Providers in the Service Area

Per HSDA Equipment Registry records, the most recent utilization of the applicant's MRI service and all other MRI providers in the 6-county Tennessee MRI service area is shown in the table below.

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Table 1- MRI Provider Historical Utilization, 2011-2013

| Provider | Type | # MRI Units | County | Total MRI Scans 2011 | Total MRI Scans 2012 | Total MRI Scans 2013 | % Change '11-'13 |
|---|-----------|-------------|------------|----------------------|----------------------|----------------------|------------------|
| Cleveland Imaging | PO | 1 | Bradley | 668 | 2769 | 3509 | 425% |
| Skyridge Medical Center | HOSP | 1 | Bradley | 2584 | 2499 | 2302 | -11% |
| Skyridge Medical Center - Westside | HOSP | 2 | Bradley | 3214 | 2493 | 1818 | -43% |
| Chattanooga Bone and Joint Surgeons, PC | PO | 1 | Hamilton | 1119 | 1021 | 841 | -25% |
| Chattanooga Imaging Downtown | RPO | 2 | Hamilton | 2044 | 2035 | 1540 | -25% |
| Chattanooga Imaging East | RPO | 1* | Hamilton | 4552 | 2850 | 2822 | -38% |
| Chattanooga Imaging Hixson | RPO | 1 | Hamilton | 2117 | 2230 | 2386 | 13% |
| Chattanooga Orthopaedic Group, PC | PO | 1 | Hamilton | 5698 | 5332 | 5340 | -6% |
| Chattanooga Outpatient Center | ODC | 2* | Hamilton | 6045 | 6465 | 7292 | 21% |
| Erlanger East Campus | HOSP | 1 | Hamilton | 1275 | 704 | 568 | -56% |
| Erlanger Medical Center | HOSP | 3 | Hamilton | 10730 | 10915 | 11558 | 8% |
| Memorial Hixson Hospital | HOSP | 2 | Hamilton | 4048 | 2836 | 2488 | -39% |
| Memorial Hospital | HOSP | 3 | Hamilton | 8211 | 4096 | 4356 | -47% |
| Memorial Ooltewah Imaging Center | H-Imaging | 1 | Hamilton | 1286 | 1050 | 1049 | -18% |
| Neurosurgical Group of Chattanooga, PC | PO | 1 | Hamilton | 1388 | 1405 | 1198 | -14% |
| Parkridge East Hospital | HOSP | 1 | Hamilton | 934 | 919 | 1024 | 10% |
| Parkridge Medical Center | HOSP | 1 | Hamilton | 2320 | 2496 | 2054 | -12% |
| Tennessee Imaging and Vein Center | RPO | 1 | Hamilton | 2615 | 3074 | 3165 | 21% |
| Parkridge West Hospital | HOSP | 1 | Marion | 884 | 953 | 884 | 0% |
| Rhea Medical Center | HOSP | 1 | Rhea | 1289 | 1530 | 1481 | 15% |
| Total | | 28 | 4 Counties | 63,021 | 57,672 | 57,675 | -8.5% |

* Chattanooga Imaging East transferred a MRI to Cleveland Imaging in 2011.
Chattanooga Outpatient Center added a MRI in 2013.

Highlights of the information provided in Table 1 above are as follows:

- There are 20 providers of MRI services in 4 counties of the 6-county service area with 28 full time equivalent, fixed MRI units and no mobile units. Chattanooga Outpatient Imaging added a second fixed MRI unit in 2013 (CN1211-058A).
- Three (3) of the 20 providers currently operate 3.0 Tesla MRI units in the PSA as follows - Memorial Hospital and Chattanooga Outpatient Center (*both are within 1 mile of Parkridge*); and Memorial Ooltewah Imaging (*approximately 16 miles from Parkridge*).
- The chart above indicates that MRI volumes in the service area decreased by approximately 8.5% between 2011 and 2013. Despite the decline in total volumes, MRI utilization increased for 8 of the 20 providers during the period
- Overall, the MRIs in the service area averaged 2,060 MRI procedures per unit in CY 2013 or approximately 72% of the 2,880 MRI standard for existing units.
- There are 2 pending CON applications for MRI projects from providers located in the service area. In November, Valley Open MRI, CN1407-028 will be heard for the establishment of an ODC and initiation of MRI services (Marion County). In December, Erlanger Medical Center, CN1409-038, will be heard for the acquisition of a 4th MRI at its hospital in Hamilton County (*like the applicant, Erlanger's proposed unit is a 3.0 Tesla MRI scanner*). Descriptions of these projects are listed in the section immediately following the staff summary.

Table 2 below from HSDA Equipment Registry records illustrates where residents of Parkridge's 6-county Tennessee MRI service area went for their MRI scans for the past 3 years.

Table 2- MRI Use Trend by Residents of PSA, 2011-2013

| | 2011 | 2012 | 2013 |
|--|--------|--------|--------|
| Total-PSA provider use by PSA residents | 44571 | 39208 | 40,607 |
| Use of all TN providers by PSA residents | 46533 | 41531 | 42,870 |
| Use of PSA providers as a % of total | 95.78% | 94.41% | 94.72% |
| Total PSA provider MRI Scans | 63021 | 57672 | 57,675 |
| % Provider Dependence on PSA residents | 70.72% | 67.98% | 70.41% |
| Total PSA provider MRI Scans (minus Parkridge West Hospital and Rhea Medical Center*) | 60848 | 55189 | 55,310 |
| % Provider Dependence on PSA residents (minus Parkridge West Hospital and Rhea Medical Center) | 73.25% | 71.04% | 73.42% |

*Note: Parkridge and Rhea are unable to report by county origin

- The table reflects that approximately 94.7% of total MRI procedures by residents of the PSA were performed at MRI provider sites in the PSA in CY2013.
- On average, PSA residents accounted for approximately 73.4% of total MRI provider volumes in CY2013.
- Dependence by Parkridge Medical Center's MRI service on Tennessee PSA resident use was approximately 70.4% in CY 2013 from 68% in CY2012.
- Although not shown in the table, HSDA records also reflect that residents of the 2 Georgia Counties in the PSA accounted for approximately 12.2% of Parkridge's total MRI procedures in CY2013 and 13.6% in CY2012.

Projected Utilization

As noted in the previous section, residents of the Tennessee portion of the PSA accounted for approximately 84% of the applicant's MRI volumes in CY2013. In addition to the breakout of historical utilization by patient county of origin, the applicant provides historical and projected MRI utilization for its existing and proposed MRI units in Year 1 and Year 2 as follows:

Utilization of PMC's MRI Service

| MRI unit | 2011 | 2012 | 2013 | 2014 (Est) | Year 1 | Year 2 |
|------------------------|-------|-------|-------|---------------|--------|--------|
| Existing 1.5 T | 2,320 | 2,496 | 2,060 | 2,056 | 957 | 976 |
| Proposed 3.0T | | | | | 2,107 | 2,149 |
| Total | | | 2,060 | 2,056 | 3,064 | 3,125 |
| As a % of MRI standard | 80.5% | 87% | 71.5% | 71.4% | 61% | 58% |

Source: Item 9, 8/28/14 supplemental response

Projected referrals by specialty for the hospital's MRI service in Year 1 are provided in the table below.

| Specialty | # MRI Referrals |
|-------------------|-----------------|
| Family Practice | 120 |
| Internal Medicine | 319 |
| Pediatrics | 2 |
| OB/GYN | 5 |
| Orthopedics * | 1,862 |
| General Surg | 23 |
| Radiology | 0 |
| Neurology | 133 |
| Neurosurgery | 15 |
| Podiatry | 0 |
| Oncology | 0 |
| Cardiology | 15 |
| Urology | 8 |
| Other | 562 |
| TOTAL | 3,064 |

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**Note: as noted on page 6 of the 8/28/14 supplemental response (State Health Plan question), it appears that scans of patients with neuro and spine conditions are included in this specialty. The applicant states that most of the 1,400 neuro/spine patient referrals to other MRI providers over the last 12-months were by its employed physician group.*

Project Cost

Major costs of the \$2,968,942.12 total estimated project cost are as follows:

- Facility Renovation for new MRI unit – combined cost of \$521,097.00, including site preparation and architectural/engineering costs, or approximately 17.6% of total cost
- New MRI 3.0T imaging base equipment cost of \$1,736,841 plus service agreement, taxes and shipping cost of \$654,339 for a combined equipment cost of \$2,391,180 or approximately 80.5% of the total project cost.
- For other details on Project Cost, see the Project Cost Chart on pages 19 and 20 of the application.

Historical Data Chart

- According to the Historical Data Chart, PMC reported favorable increases in net operating revenue and net operating income before capital expenditures (NOI) from CY2011 to CY2013.
- Net Operating Revenue increased by approximately 15.6% from \$167,025,000 to \$193,072,784.
- NOI before capital expenditures increased by approximately 34.5% from \$28,002,000 in CY2011 to \$37,658,488 in CY2013.

Projected Data Chart

The revised Projected Data Chart for the applicant's new 3.0 Tesla unit only reflects \$10,046,202 in total gross operating revenue on 2,107 procedures in Year 1 increasing by approximately 2% to \$10,247,126 on 2,149 procedures in Year Two. The Projected Data Chart reflects the following:

- Given purchase of the unit from cash reserves, there are no equipment financing or capital charges associated with the project.
- Net Operating Income averages approximately \$1,755,000 per year in Year 1 and Year 2. There is a slight decrease in NOI of less than 1% from Year 1 to Year 2 due in large part to start-up of annual maintenance service costs.
- Net Operating Revenue after bad debt, charity care, and contractual adjustments is expected to average approximately 19% of gross revenue in the first two years of the project.
- Contractual adjustments account for the highest deductions from revenue averaging approximately 79% of gross revenue per year. It appears that the applicant's 47% combined Medicare/TennCare payor mix may help explain why contractual adjustments are higher for this service.

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- Gross operating margin is approximately 6% of gross operating revenue and 4.6% in Year Two.

Charges

- The fee schedule of the MRI service including breakout by inpatient, outpatient and the Medicare allowable charge is provided in Attachment C. II. 6 of the application.
- Imaging interpretation services are provided, in large part, by the radiologists of Associates in Diagnostic Radiology. Their professional fees are billed separately by the practice and not reimbursed by PMC.
- The average gross charge for MRI is \$4,768.01 per procedure. After deductions, the projected net charge is \$917.84 per procedure.
- Average gross charges for inpatient and outpatient MRI procedures are relatively similar at \$4,970 and \$4,607 per procedure, respectively (*Item 12, 8/28/14 supplemental*).
- According to HSDA records, the \$4,768 average gross charge is above the 3rd quartile MRI charge of \$3,498.94 for the CY 2011 - CY2013 period.
- The applicant states that the projected deductions for charity in Year 1 equate to approximately 63 MRI scans.

Payor Mix

- The applicant indicates it has contracts with all three TennCare MCOs available to its service area population: United HealthCare Community Plan (formerly AmeriChoice), TennCare Select and AmeriGroup.
- The projected payor mix includes Medicare, TennCare, Private/Self-pay and Commercial payor sources. The projected net operating revenue by source is shown in the table

MRI Service Payor Source, Year 1

| Payor Source | Net Revenue | As a % of Total |
|--------------------|-------------|-----------------|
| Medicare | \$709,239 | 36.7% |
| TennCare | \$179,852 | 9.3% |
| Commercial & Other | \$1,044,303 | 54.0% |
| Total | \$1,933,894 | 100% |

- Note to Agency Members: The applicant projects a 54% commercial payor mix. However, HSDA staff has confirmed that the applicant and other HCA affiliates in Tennessee do not currently participate in the Blue Cross/Blue Shield (BC/BS) S Plan whose enrollees are state and local government employees and teachers in Tennessee. The following is the BC/BS-S plan enrollment by Grand Division of the state as of 10/15/14:*

BC/BS-S Plan Enrollment, October 2014

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| East | Middle | West | Total |
|---------|--------|--------|---------|
| 65,644* | 66,834 | 11,967 | 144,445 |

*includes 6-county PSA of applicant's MRI service

If approved, any BC/BS-S plan participant requiring hospital-based MRI services from HCA facilities will either have to pay out-of-network, which is unlikely, or be served by in-network facilities. Given the projected commercial payor mix for the project, Agency Members may wish to ask the applicant to address the impact this coverage status may have, if any, to the projected utilization and financial performance of the proposal.

Financing

- An August 13, 2014 letter from the CFO of PMC stated that funding support would be provided from HCA, Inc. to support the project.
- Review of PMC's financial statements in the application raised concerns with the hospital's ability to fund the project from cash reserves or other allocations as might be indicated by its current ratio measure.
- The applicant provided a different Balance Sheet in the 8/28/14 supplemental response that confirmed the HCA Tri-Star Division's ability to fund the project. Review of the Tri-Star Division's balance sheet revealed a current ratio of approximately 2.4 to 1.0 for the period ending July 31, 2014.

Note to Agency Members: Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

Staffing

The applicant anticipates keeping staffing for the service at current levels or 2 full time equivalent (FTE) and 1 part time technologist. When asked to explain why additional staffing was not projected in light of the projected increase in MRI volumes, the applicant stated that staffing of the service has remained relatively unchanged since 2012 (*no terminations or layoffs as a result of the decrease in MRI volumes*). Further, the applicant states that part time staff will be used as necessary if caseloads get too great.

Licensure/Accreditation

The hospital is Joint Commission accredited and actively licensed by the Tennessee Department of Health. Documentation of same is provided in the application.

Corporate documentation, site control information and a vendor MRI equipment quote are on file at the Agency office and will be available at the Agency meeting.

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Should the Agency vote to approve this project, the CON would expire in three years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

There are no other Letters of Intent, denied or pending applications for this applicant.

Outstanding Certificates of Need

Parkridge Valley Hospital, CN1202-006AM has an outstanding Certificate of Need that will expire on July 1, 2015. The CON was approved at the May 23, 2012 Agency meeting for (1) the addition of sixteen (16) additional child and adolescent psychiatric beds to the sixty-eight (68) beds currently located on the satellite campus at 2200 Morris Hill Road, Chattanooga (Hamilton County) and (2) the relocation of all forty-eight (48) of its licensed adult psychiatric beds to a new campus. The current licensed hospital bed complement at Parkridge Valley Hospital, which is a satellite location of Parkridge Medical Center, will decrease from one hundred sixteen (116) beds to eighty-four (84) beds. The net result of this application is that only child and adolescent psychiatric beds will operate at this location. The estimated project cost is **\$143,000**. *Project Status Update: the project cost was modified at the January 22, 2014 Agency meeting to a revised amount of \$706,006. A representative of Parkridge advised on 10/27/14 that construction started in August 2014 and renovations of the facility are in progress. Reconfiguration of the facility and life safety enhancements have been completed with the result that the facility has been converted to use by children and adolescents in all semi-private rooms (industry norm is 2 adolescents per room). The representative stated that Parkridge is on track to complete the project by early November 2014 within the \$706,006 total estimated project cost.*

HCA has financial interests in this project and the following:

Denied Applications:

Summit Medical Center, CN1206-029D, was denied at the September 26, 2012 Agency meeting. The application was for the for the establishment of a 20 bed acute inpatient rehab unit and service in its hospital facility by converting 20 adult psychiatric beds and reclassifying the adult psychiatric unit to an inpatient rehabilitation unit. The estimated cost was projected to be **\$2,500,000.00** *Reason for Denial: the application did not meet the statutory criteria.*

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Outstanding Certificates of Need

Centennial Medical Center, CN1407-022, has an outstanding Certificate of Need that will expire on December 1, 2017. The project was approved at the October 22, 2014 Agency meeting for the renovation of the main emergency department, the development of a Joint Replacement Center of Excellence with 10 additional operating rooms; and the increase of the hospital's licensed bed complement from 657 to 686 beds. The estimated project cost is **\$96,192,007.00**. *Project Status Update: the project was recently approved.*

Skyline Medical Center, CN1406-020A, has an outstanding Certificate of Need that will expire on November 1, 2017. It was approved at the September 24, 2014 Agency meeting to increase the licensed bed capacity at the hospital's campus by 10 beds. The beds will be utilized as medical-surgical and intensive care beds. The beds will be added by renovating existing space at the main campus which is located at 3441 Dickerson Pike, Nashville (Davidson County), TN. Simultaneously, 10 licensed beds will be closed at the Skyline satellite campus at 500 Hospital Drive, Madison (Davidson County), TN. TriStar Skyline Medical Center is currently licensed as an acute care hospital with 385 hospital beds. This project will increase beds at the main campus from 213 to 223 beds, and will reduce the satellite campus from 172 to 162 beds, so that the consolidated 385-bed licensed will not change. The estimated project cost is **\$3,951,732.00**. *Project status update: This project was recently approved.*

Summit Medical Center, CN1402-004A, has an outstanding Certificate of Need that will expire on July 1, 2017. It was approved at the May 28, 2014 agency meeting for the addition of eight (8) medical/surgical beds increasing the hospital's licensed bed complement from one hundred eighty-eight (188) to one hundred ninety-six (196) total licensed beds. The new beds will be located in renovated space on the 7th Floor of the hospital in space to be vacated by the hospital's Sleep Lab which will be relocated to the adjacent Medical Office Building on the hospital campus. The estimated project cost is **\$1,812,402.00**. *Project Status Update: the project was recently approved.*

Hendersonville Medical Center, CN1302-002A, has an outstanding Certificate of Need that will expire on August 1, 2016. It was approved at the June 26, 2013 Agency meeting to construct a new fourth floor of medical surgical beds and initiate Level IIB Neonatal Intensive Care services in a new six (6) licensed bed Level IIB Neonatal Intensive Care Unit (NICU) on its campus at 355 New Shackle Island Road, Hendersonville (Sumner County) Tennessee, 37075. The proposed project will not change the total licensed bed complement. The hospital currently holds a single consolidated license for 148 general hospital beds, of which 110 are located at its main Hendersonville campus and 38 are located at its satellite campus

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at 105 Redbud Drive, Portland (Sumner County), TN 37148. The applicant will relocate 13 beds from the satellite campus to the main campus, resulting in 123 licensed beds at the Hendersonville campus and 25 licensed beds at the Portland satellite campus. The estimated cost of the project is **\$32,255,000.00**. *Project Status: per 5/12/14 e-mail, the Chief Operations Officer of the medical center advised that the hospital is in process of finishing design drawings over the next 90 -120 days. Once approved, construction is expected to begin in early 2015.*

Natchez Surgery Center, CN1002-011A, has an outstanding Certificate of Need that will expire on July 1, 2015. It was approved at the May 26, 2010 Agency meeting for the establishment of an ambulatory surgical treatment center (ASTC) with three (3) operating rooms and three (3) procedure rooms. After approval, CN801-001A was surrendered which was a similar facility for this site at 107 Natchez Park Drive, Dickson (Dickson County), TN. The estimated cost of the project was **\$13,073,892.00**. *Project Status: the applicant requested a modification at the March 2012 Agency meeting to extend the expiration date for three (3) years from July 1, 2012 to July 1, 2015; reduce the number of operating rooms from three (3) to two (2) and procedure rooms from three (3) to one (1); reduce project costs by \$4,201,823 from \$13,073,892 to \$8,872,069; and reduce square footage by 4,965 from 15,424 to 10,459 square feet. The Agency voted to defer consideration of this request until the May 2012 meeting so that it could be heard simultaneously with CN1202-008, Horizon Medical Center Emergency Department. Both CN1202-008 and the modification to CN1002-011A were approved at the May 2012 meeting. According to an update provided on August 28, 2014, a groundbreaking ceremony was held on July 14, 2014, construction is set to begin soon and the project is expected to be complete by May 1, 2015 (change from January/February 2015 completion date in April 2014 status update).*

Horizon Medical Center Emergency Department, CN1202-008A, has an outstanding Certificate of Need that will expire on July 1, 2015. The CON was approved at the May 23, 2012 Agency meeting to establish a satellite emergency department facility located at its Natchez Medical Park campus located at 109 Natchez Park Drive, Dickson (Dickson County). Estimated project cost is **\$7,475,395**. *Project Status Update: according to an 8/28/14 update, a ground breaking ceremony was held on July 15, 2014 and the project is well underway. Construction is expected to begin soon. The estimated completion date is on or before May 1, 2015.*

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no Letters of Intent, denied applications or outstanding Certificates of Need for similar service area entities proposing this type of service.

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Pending Applications

Chattanooga-Hamilton County Hospital Authority d/b/a Erlanger Medical Center, CN1409-038, has an application that will be heard at the December 17, 2014 Agency meeting for the acquisition of a 3.0 Tesla magnetic resonance imaging (MRI) scanner at Erlanger Medical Center, 975 East 3rd Street in Chattanooga (Hamilton County), Tennessee. The estimated project cost is **\$4,597,711.00**.

Valley Open MRI, PC, CN1407-028, has an application that will be heard at the November 19, 2014 Agency meeting for the establishment of an Outpatient Diagnostic Center (ODC), the acquisition of magnetic resonance imaging (MRI) equipment and the initiation of MRI services in a 4,380 square foot new building to be constructed at 1152 Main Street in Kimball (Marion County), Tennessee. The estimated project cost is **\$2,370,547.00**.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PJG; 10/30/14

LETTER OF INTENT



The published Letter of Intent contains the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

CERTIFICATE OF NEED APPLICATION

FOR

PARKRIDGE MEDICAL CENTER

Acquisition of 3.0 Tesla MRI

Hamilton County, Tennessee

August 15, 2014

Contact Person:

**Jerry W. Taylor, Esq.
Stites & Harbison, PLLC
401 Commerce Street, Suite 800
Nashville, Tennessee 37219
615-782-2228**

SECTION A:**APPLICANT PROFILE**1. **Name of Facility, Agency, or Institution**

Parkridge Medical Center

Name

2333 McCallie Avenue

Street or Route

Chattanooga

City

Tennessee

StateHamilton
County

37404

Zip Code2. **Contact Person Available for Responses to Questions**

Jerry W. Taylor

Name

Stites & Harbison, PLLC

Company Name

401 Commerce Street, Suite 800

Street or Route

Attorney

Association with Owner

Attorney

Title

jerry.taylor@stites.com

Email address

Nashville

City

TN

State

37219

Zip Code

615-782-2228

Phone Number

615-742-0302

Fax Number3. **Owner of the Facility, Agency or Institution**

Parkridge Medical Center, Inc.

Name

2333 McCallie Avenue

Street or Route

Chattanooga

City

Tennessee

State

423-698-6061

Phone Number

Hamilton

County

37404

Zip Code4. **Type of Ownership of Control (Check One)**

A. Sole Proprietorship

B. Partnership

C. Limited Partnership

D. Corporation (For Profit)

E. Corporation (Not-for-Profit)

F. Government (State of TN or

G. Political Subdivision)

H. Joint Venture

I. Limited Liability Company

Other (Specify) _____

☒**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.**Organizational documentation and an ownership organization chart are attached as Attachment A, 4.

5. Name of Management/Operating Entity (If Applicable)

N/A

Name

Street or Route

County

City

State

Zip Code

**PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.**

6. Legal Interest in the Site of the Institution (Check One)

- A. Ownership ☒ D. Option to Lease
 B. Option to Purchase E. Other (Specify) _____
 C. Lease of _____ Years

**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.**

A copy of the Deed is attached as Attachment A, 6.

7. Type of Institution (Check as appropriate—more than one response may apply)

- | | |
|--|--|
| A. Hospital (Specify) <u>General Acute</u> <input checked="" type="checkbox"/> | I. Nursing Home |
| B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty | J. Outpatient Diagnostic Center |
| ASTC, Single Specialty | K. Recuperation Center |
| C. Home Health Agency | L. Rehabilitation Facility |
| D. Hospice | M. Residential Hospice |
| E. Mental Health Hospital | N. Non-Residential Methadone Facility |
| F. Mental Health Residential | O. Birthing Center |
| G. Treatment Facility | P. Other Outpatient Facility (Specify) _____ |
| H. Habilitation Facility (ICF/MR) | Q. Other (Specify) _____ |

8. Purpose of Review (Check) as appropriate--more than one response may apply)

- | | |
|-------------------------------------|------------------------------------|
| A. New Institution | G. Change in Bed Complement |
| B. Replacement/Existing Facility | [Please note the type of change by |
| C. Modification/Existing Facility | underlining the appropriate |
| D. Initiation of Health Care | response: Increase, Decrease, |
| Service as defined in TCA § | Designation, Distribution, |
| 68-11-1607(4) | Conversion, Relocation] |
| (Specify) _____ | H. Change of Location |
| E. Discontinuance of OB Services | I. Other (Specify) _____ |
| F. Acquisition of Equipment | _____ |
| (Specify) <u>3.0 Tesla MRI Unit</u> | |

X

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

9. **Bed Complement Data***Please indicate current and proposed distribution and certification of facility beds.*

| | <u>Current Beds</u> <u>Licensed</u> | <u>*CON</u> | <u>Staffed</u> <u>Beds</u> | <u>Beds</u> <u>Proposed</u> | <u>TOTAL</u> <u>Beds at</u> <u>Completion</u> |
|---|--|----------------------|-------------------------------|--------------------------------|---|
| A. Medical | <u>239</u> | <u> </u> | <u>130</u> | <u> </u> | <u>239</u> |
| B. Surgical (included in medical) | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| C. Long-Term Care Hospital | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| D. Obstetrical | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| E. ICU/CCU | <u>24</u> | <u> </u> | <u>24</u> | <u> </u> | <u>24</u> |
| F. Neonatal | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| G. Pediatric | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| H. Adult Psychiatric | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| I. Geriatric Psychiatric | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| J. Child/Adolescent Psychiatric | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| K. Rehabilitation | <u>12</u> | <u> </u> | <u>12</u> | <u> </u> | <u>12</u> |
| L. Nursing Facility (non-Medicaid Certified) | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| M. Nursing Facility Level 1 (Medicaid only) | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| N. Nursing Facility Level 2 (Medicare only) | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| O. Nursing Facility Level 2 (dually certified Medicaid/Medicare) | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| P. ICF/MR | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Q. Adult Chemical Dependency | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| R. Child and Adolescent Chemical Dependency | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| S. Swing Beds | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| T. Mental Health Residential Treatment | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| U. Residential Hospice | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| TOTAL | <u>275</u> | <u> </u> | <u>166</u> | <u> </u> | <u>275</u> |

10. **Medicare Provider Number:** 440156
Certification Type: Hospital
11. **Medicaid Provider Number:** 0440156
Certification Type: Hospital
12. **If this is a new facility, will certification be sought for Medicare and/or Medicaid?**
 Parkridge Medical Center is certified for both Medicare and Medicaid/TennCare.
13. **Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area.**
 BlueCare
 UnitedHealthcare Community Plan
 TennCare Select
- Will this project involve the treatment of TennCare participants?**
 Yes.
- If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.**
 Parkridge Medical Center is in network with all MCOs in the region.
- Discuss any out-of-network relationships in place with MCOs/BHOs in the area.**
 N/A.

NOTE: *Section B* is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. *Section C* addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.

SECTION B: PROJECT DESCRIPTION

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

- I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.**

Project Description

Parkridge Medical Center seeks authorization for the acquisition of a 3.0 Tesla MRI unit. Parkridge currently operates one 1.5 Tesla MRI. If this is approved, Parkridge would operate 2 MRI units. The current older model unit would be used primarily for inpatient cases, and those not requiring higher resolution imaging. The space which will house the new unit will require relatively minor renovation of approximately 1202 square feet of space that is currently not being used for patient care.

Services & Equipment

The MRI unit for which authorization is sought is a G.E. Optima MR750W 3.0 T. No new services are being initiated or affected.

Ownership Structure

Parkridge Medical Center ("Parkridge") is owned by Parkridge Medical Center, Inc. Parkridge is a HCA-affiliated hospital and part of Tri Star Health System. An ownership and organization chart is included as part of Attachment A, 4.

Service Area

The proposed service area consists of the following counties: Bradley, Hamilton, Marion, Meigs, Rhea, Sequatchie, in Tennessee, and Walker and Catoosa counties in Georgia.

Need

Parkridge already provides inpatient and outpatient MRI services through use of an older model 1.5 Tesla unit. The higher field 3.0 Tesla magnet is needed in order to perform certain scans, particularly spine and neuro cases, which require higher resolution images. An employed physician group, Spine Surgery Associates ("SSA"), is currently forced to send many of their MRI scans outside the Parkridge system in order to access the technology needed for their

patients. The applicant estimates that 1,403 such scans were referred to outside providers in a recent 12 month period.

The proposed new unit will allow the patients of SSA, and others requiring higher resolution imaging, to have their MRI scans conducted at Parkridge, which is better and more convenient for both the patients and the physicians. Parkridge will also continue to operate the 1.5 Tesla unit, which will be utilized for more routine cases not requiring the higher resolution images, and almost exclusively for inpatient cases.

Existing Resources

Because Parkridge is not initiating a new service, facility, or site, and since there are no utilization thresholds for the acquisition of medical equipment, the utilization of area providers should not be relevant.

For informational purposes, a table reflecting overall MRI utilization in the Tennessee counties of the service area is attached as Attachment C, I, Need, 5. It is difficult to accurately discern trends in overall MRI utilization in the service area, due to a lack of reported data for non-hospital MRI providers for 2013.

Project Cost & Funding

The equipment costs are reasonable and were negotiated and agreed upon in an arms-length transaction among experienced health care business people.

Total renovation costs are \$521,097 (including A & E fees of \$27,830). For the 1,202 square feet being renovated, the cost is \$433.53 per square foot. While this is above the 3rd Quartile of approved hospital renovation cost (\$274.63), this is primarily due to two factors: (1) the small scope of the project results in disproportionally higher fixed costs not off-set by savings on incremental costs, and (2) the relatively high technical requirements for proper installation of the equipment and technology.

The project will be funded from cash reserves through an allocation from the appropriate HCA entity.

Financial Feasibility

The project is economically feasible. As reflected on the Projected Data Chart, this project is has a strong positive NOI in Year 1 and thereafter.

Staffing

Current staffing for MRI services consists of 2 FTE and 1 PRN MRI technologists. Parkridge does not anticipate needing additional staffing for the proposed MRI. If future volumes require additional staffing, it will be added at that time.

II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

- A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects**

(construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

Parkridge seeks authorization for the acquisition of a 3.0 Tesla MRI unit. Parkridge currently operates one 1.5 Tesla MRI. The space which will house the new unit will require relatively minor renovation of approximately 1202 square feet of space that is currently not being used for patient care. Since the cost of renovation does not exceed the \$5 million threshold, and is very limited in scope, the Square Footage and Cost per Square Footage Chart is not applicable.

- B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.**

N/A.

C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

Parkridge already provides inpatient and outpatient MRI services through use of an older model 1.5 Tesla unit. The higher field 3.0 Tesla magnet is needed in order to perform certain scans, particularly spine and neuro cases, which require higher resolution images. An employed physician group, Spine Surgery Associates ("SSA"), is currently forced to send many of their MRI scans outside the Parkridge system in order to access the technology needed for their patients. The applicant estimates that 1,403 such scans were referred to outside providers in a recent 12 month period.

The proposed new unit will allow the patients of SSA, and others requiring higher resolution imaging, to have their MRI scans conducted at Parkridge, which is better and more convenient for both the patients and the physicians. Parkridge will also continue to operate the 1.5 Tesla unit, which will be utilized for more routine cases not requiring the higher resolution images, and almost exclusively for inpatient cases.

1. **Adult Psychiatric Services**
2. **Alcohol and Drug Treatment for Adolescents (exceeding 28 days)**
3. **Birthing Center**
4. **Burn Units**
5. **Cardiac Catheterization Services**
6. **Child and Adolescent Psychiatric Services**
7. **Extracorporeal Lithotripsy**
8. **Home Health Services**
9. **Hospice Services**
10. **Residential Hospice**
11. **ICF/MR Services**
12. **Long-term Care Services**
13. **Magnetic Resonance Imaging (MRI)**
14. **Mental Health Residential Treatment**
15. **Neonatal Intensive Care Unit**
16. **Non-Residential Methadone Treatment Centers**
17. **Open Heart Surgery**
18. **Positron Emission Tomography**
19. **Radiation Therapy/Linear Accelerator**
20. **Rehabilitation Services**
21. **Swing Beds**

D. Describe the need to change location or replace an existing facility.

N/A.

E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:

1. **For fixed-site major medical equipment (not replacing existing equipment):**

a. Describe the new equipment, including:

- 1. Total cost ;(As defined by Agency Rule).**
\$2,391,180.00
- 2. Expected useful life;**
5 years.
- 3. List of clinical applications to be provided; and**
Please see the list attached as Attachment B, II, E, (1).
- 4. Documentation of FDA approval.**

A copy of the FDA approval letter is attached as Attachment B, II, E (2).

b. Provide current and proposed schedules of operations.

Monday-Friday: 7AM-6PM (ED call until 11 PM)

Weekend: On call 7 AM-5 PM for IP and ED

2. For mobile major medical equipment:

N/A.

- a. List all sites that will be served;**
 - b. Provide current and/or proposed schedule of operations;**
 - c. Provide the lease or contract cost.**
 - d. Provide the fair market value of the equipment; and**
 - e. List the owner for the equipment.**
- 3. Indicate applicant's legal interest in equipment (i.e., purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.**

A copy of the quote from GE Healthcare is attached as Attachment B, II, E, (3).

III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which must include:

- 1. Size of site (*in acres*);**
- 2. Location of structure on the site; and**
- 3. Location of the proposed construction.**
- 4. Names of streets, roads or highway that cross or border the site.**

Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.

A plot plan is attached as Attachment B, III, (A).

(B)

Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

Parkridge Medical Center is located on McCallie Avenue in central Chattanooga, on the Eastgate/Hamilton Place CARTA bus route. Parkridge Medical Center also has excellent access to I-24, which is within a mile of its campus.

IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

NOTE: DO NOT SUBMIT BLUEPRINTS. Simple line drawings should be submitted and need not be drawn to scale.

A floor plan is attached as Attachment B, IV.

V. For a Home Health Agency or Hospice, identify:

N/A.

1. Existing service area by County;
2. Proposed service area by County;
3. A parent or primary service provider;
4. Existing branches; and
5. Proposed branches.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), “no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care.” The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. *Please type each question and its response on an 8 1/2” x 11” white paper.* All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate “Not Applicable (NA).”

QUESTIONS

I. NEED

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee’s Health: Guidelines for Growth.

- a. **Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.**

N/A. Parkridge Medical Center currently provides MRI services, and therefore is not initiating MRI services. There are no criteria and standards in the State Health Plan for the acquisition of major medical equipment.

The State Health Plan includes the following aspirational goals for health care delivery in Tennessee:

Five Principles for Achieving Better Health from the Tennessee State Health Plan:

1. Healthy Lives

The purpose of the State Health Plan is to improve the health of Tennesseans.

Every person's health is the result of the interaction of individual behaviors, society, the environment, economic factors, and our genetic endowment. The State Health Plan serves to facilitate the collaboration of organizations and their ideas to help address health at these many levels.

This is a policy statement to which no response is necessary.

2. Access to Care

Every citizen should have reasonable access to health care. Many elements impact one's access to health care, including existing health status, employment, income, geography, and culture. The State Health Plan can provide standards for reasonable access, offer policy direction to improve access, and serve a coordinating role to expand health care access.

Parkridge Medical Center is accessible to all patients regardless of socio-economic status, ethnicity or payor source. Parkridge Medical Center participates in Medicare and TennCare.

3. Economic Efficiencies

The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system. The State Health Plan should work to identify opportunities to improve the efficiency of the state's health care system and to encourage innovation and competition.

The current 1.5 Tesla MRI at Parkridge is well utilized, and the hospital is acquiring this additional MRI unit to meet existing and future demand, and to remain competitive in a robust hospital marketplace in the Chattanooga area.

4. Quality of Care

Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers. Health care providers are held to certain professional standards by the state's licensure system. Many health care stakeholders are working to improve their quality of care through adoption of best practices and data-driven evaluation.

Parkridge Medical Center will continue to provide the highest quality of care to its patients. It is good standing with the Tennessee Board for Licensing Health Care Facilities, and is accredited by and in good standing with the Joint Commission.

5. Health Care Workforce

The state should support the development, recruitment, and retention of a sufficient and quality health care workforce. The state should consider developing a comprehensive approach to ensure the existence of a sufficient, qualified health care workforce, taking into account issues regarding the number of providers at all levels and in all specialty and focus areas, the number of professionals in teaching positions, the capacity of medical, nursing, allied health and other educational institutions, state and federal laws and regulations impacting capacity programs, and funding.

Parkridge Medical Center is an major employer in the Chattanooga area. Staffing at the hospital meets all applicable standards and regulations. Parkridge does not anticipate needing additional staffing for the proposed MRI. If future volumes require additional staffing, it will be added at that time.

[End of responses to Five Principles for Achieving Better Health]

- b. **Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c)**

N/A.

2. **Describe the relationship of this project to the applicant facility's long-range development plans, if any.**

At some point in the future Parkridge may decide to replace its current, older model 1.5 Tesla MRI unit, but that decision has not been made at this time.

3. **Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. Please submit the map on 8 1/2" x 11"**

The proposed service area consists of the following counties:

Tennessee:

Bradley
Hamilton
Marion
Meigs
Rhea
Sequatchie

Georgia

Walker
Catoosa

Patients from these counties accounted for 86% of Parkridge Medical Center's admissions in 2013.

A map of the service area is attached as Attachment C, I, Need, 3.

4. A. Describe the demographics of the population to be served by this proposal.

A table reflecting relevant demographics of the service area population is attached as Attachment C, I, Need, 4.

B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

There are no known health disparities among the service area population which would be relevant to the need for MRI services. All counties in the service area except one – Bradley – have a greater proportion of the total population that is age 65+ than does the state as a whole. All counties in the service area except one – Hamilton – have a greater proportion of the of the population below the federal poverty level than does the state as a whole.

Parkridge Medical Center is accessible to all patients regardless of socio-economic status, ethnicity or payor source. Parkridge Medical Center participates in Medicare and TennCare.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

Because Parkridge is not initiating a new service, facility, or site, and since there are no utilization thresholds for the acquisition of medical equipment, the utilization of area providers should not be relevant.

For informational purposes, a table reflecting overall MRI utilization in the Tennessee counties of the service area is attached as Attachment C, I, Need, 5. It is difficult to accurately discern trends in overall MRI utilization in the service area, due to a lack of reported data for non-hospital MRI providers for 2013.

Based on the data that is available, it appears MRI volume in the service area declined by 11% 2011-2012, and grew by 2% 2012-2013. Overall volume, again based on the incomplete data available, declined by 9.7% 2011-2013. This may be misleading, however, since it is very possible the non-reporting providers saw an increase in utilization during 2013.

6. **Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.**

Historical Utilization:

| <u>Year</u> | <u>No. of Units</u> | <u>Total MRI Scans</u> |
|-----------------|---------------------|------------------------|
| 2011 | 1 | 2,320 |
| 2012 | 1 | 2,496 |
| 2013 | 1 | 2,060* |
| 2014 Annualized | 1 | 2,056 |

* The decline in utilization is due to the age and functionality of the 1.5 Tesla unit and the loss of cases requiring higher resolution images.

Projected Utilization (Proposed MRI Only):

| <u>Year</u> | <u>No. of Units</u> | <u>Total MRI Scans</u> |
|-------------|---------------------|------------------------|
| Year 1 | 1 | 2,107 |
| Year 2 | 1 | 2,149 |

Projected Utilization (Both MRIs):

| <u>Year</u> | <u>No. of Units</u> | <u>Total MRI Scans</u> |
|-------------|---------------------|------------------------|
| Year 1 | 2 | 3,064 |
| Year 2 | 2 | 3,125 |

Methodology (proposed MRI): The applicant estimates it lost 1,403 MRI cases over a recent 12 month period due to the spine cases needing higher resolution imaging. A projected capture rate of 75% was applied, resulting in an estimated 1,052 cases that could be brought back to Parkridge. An additional 930 OP cases are projected, based on existing volume in 2014 (annualized). An additional 125 cases represents normal growth of approximately 6%. MRI scans increased by approximately 7% between

2011-2012, before the loss of the spine cases, and this growth rate was discounted slightly to be conservative. Year 2 volume represents a 2% increase over Year 1 volume, which is believed to also be conservative.

II. ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

- All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)
- The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
- The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.

For projects that include new construction, modification, and/or renovation; documentation must be provided from a contractor and/or architect that support the estimated construction costs.

A completed Project Cost Chart is on the following page.

A letter from the project architect is attached as Attachment C, II, Economic Feasibility, 1.

PROJECT COSTS CHART

| | | |
|----|---|-----------------|
| A. | Construction and equipment acquired by purchase: | |
| | 1. Architectural and Engineering Fees | \$ 27,830.00 |
| | 2. Legal, Administrative, Consultant Fees | \$ 25,000.00 |
| | 3. Acquisition of Site | \$ - |
| | 4. Preparation of Site | \$ 31,062.00 |
| | 5. Construction Costs | \$ 462,205.00 |
| | 6. Contingency Fund | \$ 25,000.00 |
| | 7. Fixed Equipment (Not included in Construction Contract) | \$ 1,736,841.00 |
| | 8. Moveable Equipment (List all equipment over \$50,000.00) | _____ |
| | 9. Other Taxes, IT&S, Service Agreement (see attached) | \$ 654,339.00 |
| B. | Acquisition by gift donation, or lease: | |
| | 1. Facility (Inclusive of building and land) | _____ |
| | 2. Building Only | _____ |
| | 3. Land Only | _____ |
| | 4. Equipment (Specify) _____ | _____ |
| | 5. Other (Specify) _____ | _____ |
| C. | Financing Costs and Fees: | |
| | 1. Interim Financing | _____ |
| | 2. Underwriting Costs | _____ |
| | 3. Reserve for One Year's Debt Service | _____ |
| | 4. Other (Specify) _____ | _____ |
| D. | Estimated Project Cost (A+B+C) | \$ 2,962,277.00 |
| E. | CON Filing Fee | \$ 6,665.12 |
| F. | Total Estimated Project Cost (D & E) | \$ 2,968,942.12 |
| | TOTAL | \$ 2,968,942.12 |

Itemization of Line A, 7:

| | |
|------------------------------------|-------------|
| 3.0 T MRI and related componenets: | \$1,663,495 |
| Medrad Injector: | \$29,790 |
| Invivo Monitor | 43556 |
| Total | \$1,736,841 |

Itemization of Line A, 9:

| | |
|--------------------|---|
| Service Agreement: | \$494,624 (warranty for 1.5 years, annual fee of \$141,321 for 3.5 years) |
| Taxes: | \$149,715 |
| IT & S | \$10,000 |
| Total | \$654,339 |

2. Identify the funding sources for this project.

a. Please check the applicable item(s) below and briefly summarize how the project will be financed. (*Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.*)

- ☐ A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ C. General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.
- ☐ D. Grants--Notification of intent form for grant application or notice of grant award; or
- ☒ E. Cash Reserves--Appropriate documentation from Chief Financial Officer.
A letter from the CFO is attached as Attachment C, II, Economic Feasibility, 2.
- ☐ F. Other—Identify and document funding from all other sources.

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

The equipment costs are reasonable and were negotiated and agreed upon in an arms-length transaction among experienced health care business people.

Total renovation costs are \$521,097 (including A & E fees of \$27,830). For the 1,202 square feet being renovated, the cost is \$433.53 per square foot. While this is above the 3rd Quartile of approved hospital renovation cost (\$274.63), this is primarily due to two factors: (1) the small scope of the project results in disproportionally higher fixed costs not off-set by savings on incremental costs, and (2) the highly technical requirements for proper installation of the equipment and technology.

4. Complete Historical and Projected Data Charts on the following two pages--Do not modify the Charts provided or submit Chart substitutions! Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this

proposal. Projected Data Chart should reflect revenue and expense projections for the *Proposal Only* (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

A completed Historical Data chart is attached on the following page.

A completed Projected Data Chart is attached following the HDC.

HISTORICAL DATA CHART

Give information for the last three (3) years for which complete data are available for the facility or agency.

| | Year: | Year: | Year: |
|--------------------------------------|-------------------------|-------------------------|-------------------------|
| | 2013 | 2012 | 2011 |
| A. Utilization/Occupancy Data | | | |
| B. Revenue from Services to Patients | | | |
| 1. Inpatient Services | \$495,484,353.00 | \$463,477,677.00 | \$393,800,000.00 |
| 2. Outpatient Services | \$291,059,449.00 | \$290,651,092.73 | \$314,579,000.00 |
| 3. Emergency Services | \$95,714,054.00 | \$86,456,537.27 | |
| 4. Other Operating Revenue | \$647,058.00 | \$916,129.00 | \$870,000.00 |
| Specify: _____ | | | |
| Gross Operating Revenue | \$882,904,914.00 | \$841,501,436.00 | \$709,249,000.00 |
| C. Deductions from Operating Revenue | | | |
| 1. Contract Deductions | \$667,552,091.00 | \$634,887,449.00 | \$528,936,000.00 |
| 2. Provision for Charity Care | \$5,410,971.00 | \$6,523,953.00 | \$2,980,000.00 |
| 3. Provision for Bad Debt | \$16,869,068.00 | \$10,534,341.00 | \$10,308,000.00 |
| Total Deductions | \$689,832,130.00 | \$651,945,743.00 | \$542,224,000.00 |
| NET OPERATING REVENUE | \$193,072,784.00 | \$189,555,693.00 | \$167,025,000.00 |
| D. Operating Expenses | | | |
| 1. Salaries and Wages | \$61,923,883.00 | \$60,767,512.00 | \$55,272,000.00 |
| 2. Physicians' Salaries and Wages | | | |
| 3. Supplies | \$46,535,454.00 | \$44,878,313.00 | \$40,429,000.00 |
| 4. Taxes | \$777,291.00 | \$774,179.00 | \$739,000.00 |
| 5. Depreciation | \$5,436,735.00 | \$6,352,276.00 | \$7,183,000.00 |
| 6. Rent | \$758,674.00 | \$984,426.00 | \$1,032,000.00 |
| 7. Interest, other than Capital | \$79,300.00 | \$71,942.00 | |
| 8. Management Fees: | | | |
| a. Fees to Affiliates | \$13,452,652.00 | \$11,036,759.00 | \$11,108,000.00 |
| b. Fees to Non-Affiliates | | | |
| 9. Other Expenses | \$26,450,307.00 | \$25,445,245.00 | \$23,260,000.00 |
| Specify: _____ | | | |
| Total Operating Expenses | \$155,414,296.00 | \$150,310,652.00 | \$139,023,000.00 |
| E. Other Revenue (Expenses)--Net | | | |
| Specify: _____ | | | |
| NET OPERATING INCOME (LOSS) | \$37,658,488.00 | \$39,245,041.00 | \$28,002,000.00 |
| F. Capital Expenditures | | | |
| 1. Retirement of Principal | | | |
| 2. Interest | \$6,919,211.00 | \$5,212,233.00 | \$3,866,000.00 |
| Total Capital Expenditures | \$6,919,211.00 | \$5,212,233.00 | \$3,866,000.00 |
| NET OPERATING INCOME (LOSS) | \$37,658,488.00 | \$39,245,041.00 | \$28,002,000.00 |
| LESS CAPITAL EXPENDITURES | \$6,919,211.00 | \$5,212,233.00 | \$3,866,000.00 |
| NOI LESS CAPITAL EXPENDITURES | \$44,577,699.00 | \$44,457,274.00 | \$31,868,000.00 |

PROJECTED DATA CHART

Give information for the two (2) years following completion of this proposal. The fiscal year begins in 1/1/15

| | Year 1 2107 | Year 2 2149 |
|--|----------------------|----------------------|
| A. Utilization/Occupancy Data (cases) | | |
| B. Revenue from Services to Patients | | |
| 1. Inpatient Services | \$ 4,627,542 | \$ 4,720,093 |
| 2. Outpatient Services | \$ 5,418,660 | \$ 5,527,033 |
| 3. Emergency Services | | |
| 4. Other Operating Revenue (Specify) _____ | | |
| Gross Operating Revenue | \$ 10,046,202 | \$ 10,247,126 |
| C. Deductions from Operating Revenue | | |
| 1. Contractual Adjustments | \$ 7,882,180 | \$ 8,039,824 |
| 2. Provisions for Charity Care | \$ 47,468 | \$ 48,418 |
| 3. Provisions for Bad Debt | \$ 182,660 | \$ 186,313 |
| Total Deductions | \$ 8,112,308 | \$ 8,274,555 |
| NET OPERATING REVENUE | \$ 1,933,894 | \$ 1,972,572 |
| D. Operating Expenses | | |
| 1. Salaries and Wages | \$ 129,866 | \$ 132,464 |
| 2. Physicians' Salaries and Wages | | |
| 3. Supplies | \$ 4,051 | \$ 4,132 |
| 4. Taxes | \$ 9,798 | \$ 9,994 |
| 5. Depreciation | \$ 18,259 | \$ 18,259 |
| 6. Rent | | |
| 7. Interest, other than Capital | | |
| 8. Management Fees: | | |
| a. Fees to Affiliates | | |
| b. Fees to Non-Affiliates | | |
| 9. Other Expenses | \$ 109,715 | \$ 111,910 |
| Specify: _____ | | |
| Total Operating Expenses | \$ 271,690 | \$ 276,759 |
| E. Other Revenue (Expenses)--Net | | |
| Specify: _____ | | |
| NET OPERATING INCOME (LOSS) | \$ 1,662,204 | \$ 1,695,813 |
| F. Capital Expenditures | | |
| 1. Retirement of Principal | | |
| 2. Interest | | |
| Total Capital Expenditures | | |
| NET OPERATING INCOME (LOSS) | \$ 1,662,204 | \$ 1,695,813 |
| LESS CAPITAL EXPENDITURES | | |
| NOI LESS CAPITAL EXPENDITURES | \$ 1,662,204 | \$ 1,695,813 |

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

| | |
|-----------------------|------------|
| Average Gross Charge: | \$4,768.01 |
| Average Deduction: | \$3,850.17 |
| Average Net Charge: | \$917.84 |

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

A charge schedule for current and proposed charges is attached as Attachment C, II, Economic Feasibility, 6. There are no planned charge increases for MRI services. This project should have no impact on patient charges.

B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

Gross Charges per Procedure/Treatment
By Quartiles
Year 2012

| Equipment Type | 1st Quartile | Median | 3rd Quartile |
|----------------|--------------|------------|--------------|
| MRI | \$1,580.35 | \$2,106.03 | \$3,312.48 |

Source: HSDA Medical Equipment Registry - 12/6/2013

The Medicare reimbursement rates are reflected on the charge schedule attached as Attachment C, II, Economic Feasibility, 6.

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

As reflected on the Projected Data Chart, this project is cost effective, and has a strong positive NOI in Year 1.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

As reflected on the Projected Data Chart, this project will be financially viable in Year 1 and thereafter.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

Parkridge participate in both Medicare and TennCare/Medicaid. The projected revenues and payor mix of the proposed MRI for Year 1 are as follows:

| | | |
|--------------------|-----------|-------|
| Medicare: | \$709,739 | 36.7% |
| TennCare/Medicaid: | \$179,852 | 9.3% |

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

Financial Statements for Parkridge Medical Center, Inc. are attached as Attachment C, II, Economic Feasibility, 10.

11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:
- A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

No such alternatives have been identified. The current 1.5 Tesla MRI is an older model, and its field strength is not sufficient for scans such as spine cases requiring

higher resolution and other improved capabilities. The new unit is needed to meet the needs of patients and physicians.

- b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.**

No new construction is involved in this project. Parkridge is renovating existing space which has most recently been used for non-patient care uses such as office space.

(III.) CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

- 1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.**

Parkridge has many such arrangements and relationships, but most are not directly related to MRI services. Radiology services for the MRI are provided by Associates in Diagnostic Radiology.

- 2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.**

This project should have little impact beyond the Parkridge Health System, but it will have a very positive impact on Parkridge's patients and physicians. Parkridge is acquiring this additional MRI unit to meet existing and future patient demand, and to remain competitive in a robust hospital marketplace in the Chattanooga area.

- 3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.**

Current staffing for MRI services consists of 2 FTE and 1 PRN MRI technologists. Parkridge does not anticipate needing additional staffing for the proposed MRI. If future volumes require additional staffing, it will be added at that time.

4. **Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.**

Parkridge Medical Center is an major employer in the Chattanooga area. Staffing at the hospital meets all applicable standards and regulations.

5. **Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.**

The executive and management teams at Parkridge understand all such licensing and certification requirements and will continue to maintain compliance with the same.

6. **Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).**

In regards to imaging, Parkridge Medical Center is a clinical training site for the Chattanooga State Community College MRI program.

7. (a) **Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.**

The executive and management teams of Parkridge Medical Center are knowledgeable about all such regulatory requirements, and insure Parkridge is in compliance.

- (b) **Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.**

Licensure: Tennessee Board for Licensing Health Care Facilities

Accreditation: The Joint Commission

If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

Parkridge Medical Center is in good standing with all licensing and accrediting agencies.

A copy of the hospital license is attached as Attachment C, III, Orderly Development, 7.

8. **For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.**

A letter from CMS verifying Parkridge Medical Center's "deemed compliance" status is attached as Attachment C, III, Orderly Development, 8.

9. **Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.**

None

10. **Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project.**

None.

11. **If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.**

If the proposal is approved, Parkridge will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

A Publisher's Affidavit has been requested from the Chattanooga Times Free Press, and will be timely provided when received.

DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

- 1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.**

A completed Project Completion Forecast Chart is on the following page.

- 2. If the response to the preceding question indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph, please state below any request for an extended schedule and document the "good cause" for such an extension.**

N/A

PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in Rule 68-11-1609(c):
November 2014

Assuming the CON approval becomes the final agency action on that date; indicate the number of days **from the above agency decision date** to each phase of the completion forecast.

| PHASE | DAYS REQUIRED | ANTICIPATED DATE (Month/Year) |
|--|------------------|-------------------------------------|
| 1. Architectural and engineering contract signed | 30 | Dec '14 |
| 2. Construction documents approved by the Tennessee Department of Health | 120 | Mar '15 |
| 3. Construction contract signed | 150 | Apr '15 |
| 4. Building permit secured | 180 | May '15 |
| 5. Site preparation completed | 180 | May '15 |
| 6. Building construction commenced | 210 | Jun '15 |
| 7. Construction 40% complete | 240 | July '15 |
| 8. Construction 80% complete | 270 | Aug '15 |
| 9. Construction 100% complete (approved for occupancy | 300 | Sep'15 |
| 10. *Issuance of license | 300 | Sep '15 |
| 11. *Initiation of service | 300 | Sep '15 |
| 12. Final Architectural Certification of Payment | 330 | Oct '15 |
| 13. Final Project Report Form (HF0055) | 330 | Oct '15 |

List of Attachments

Parkridge Medical Center – CON for MRI

| | |
|--|---|
| Organizational documentation and ownership chart | <u>Attachment A, 4</u> |
| Deed to hospital property | <u>Attachment A, 6</u> |
| Clinical applications of 3.0 Tesla MRI | <u>Attachment B, II, E, (1)</u> |
| FDA approval letter | <u>Attachment B, II, E (2)</u> |
| MRI equipment quote | <u>Attachment B, II, E, (3)</u> |
| Plot plan | <u>Attachment B, III, (A)</u> |
| Floor plan | <u>Attachment B, IV</u> |
| Map of the service area | <u>Attachment C, I, Need, 3</u> |
| Demographics of the service area population | <u>Attachment C, I, Need, 4</u> |
| MRI utilization in the service area | <u>Attachment C, I, Need, 5</u> |
| Architect letter | <u>Attachment C, II, Economic Feasibility, 1</u> |
| Funding letter | <u>Attachment C, II, Economic Feasibility, 2</u> |
| Charge schedule | <u>Attachment C, II, Economic Feasibility, 6</u> |
| Financial statements | <u>Attachment C, II, Economic Feasibility, 10</u> |
| Hospital license | <u>Attachment C, III, Orderly Development, 7</u> |
| CMS “deemed compliance” letter | <u>Attachment C, III, Orderly Development, 8</u> |

[Home](#) | [Apostilles/Authentications](#) | [Corporations](#) | [Summons](#) | [Trademarks](#) | [UCC](#) | [Workers' Comp Exemption](#) | [More Services](#)

Business Services Online > Find and Update a Business Record > Business Entity Detail

Business Entity Detail

**Available
Entity
Actions**[File Annual Report \(after 12/01/2014\)](#)[Certificate of Existence](#)[Update Mailing Address](#)

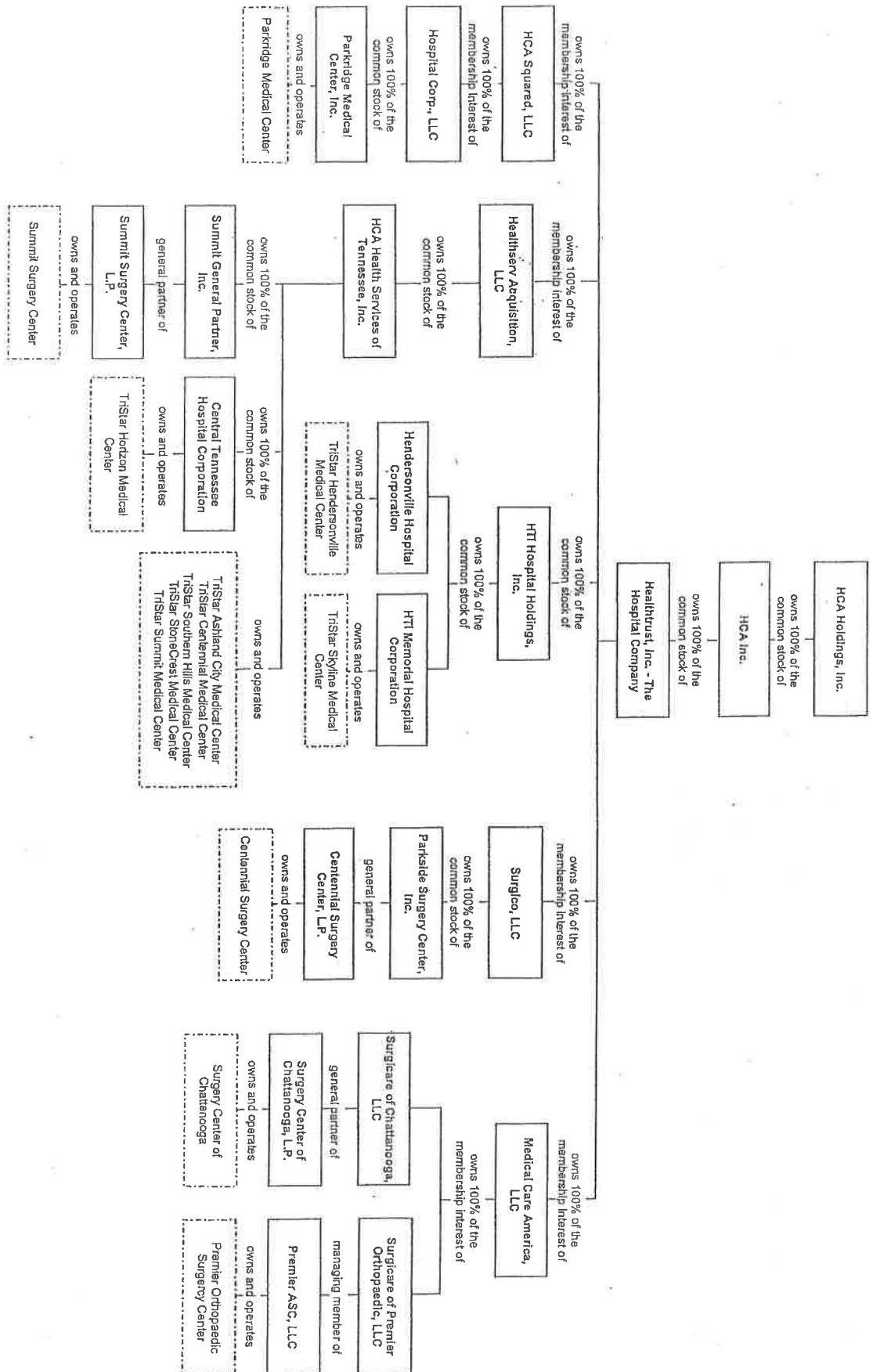
Entity details cannot be edited. This detail reflects the current state of the filing in the system.

Return to the [Business Information Search](#).

000023600: Corporation For-Profit - Domestic

[Printer Friendly Version](#)**Name:** PARKRIDGE MEDICAL CENTER, INC.**Old Name:** PARKRIDGE HEALTH SYSTEM, INC.**Status:** Active**Formed in:** TENNESSEE**Fiscal Year Close:** December**Term of Duration:** Perpetual**Principal Office:** 1 PARK PLZ
NASHVILLE, TN 37203-6527 USA**Mailing Address:** LEGAL DEPT
PO BOX 750
NASHVILLE, TN 37202-0750 USA**AR Exempt:** No**Shares of Stock:** 100,000**Initial Filing Date:** 07/09/1970**Delayed Effective Date:****AR Due Date:** 04/01/2015**Inactive Date:****Obligated Member Entity:** No**Assumed Names**[History](#)[Registered Agent](#)

| Name | Status | Expires |
|---|---------------------------|------------|
| Parkridge West Hospital | Active | 04/21/2019 |
| Parkridge West Hospital, A Facility of Parkridge Medical Center | Active | 04/15/2019 |
| Grandview Medical Center | Active | 03/11/2019 |
| Parkridge Valley Child & Adolescent Campus | Active | 10/16/2017 |
| Parkridge Valley Adult and Senior Campus | Active | 10/16/2017 |
| PARKRIDGE VALLEY HOSPITAL | Active | 10/05/2016 |
| Parkridge Health System | Active | 01/08/2015 |
| PARKRIDGE EAST HOSPITAL | Active | 10/12/2014 |
| EAST RIDGE HOSPITAL | Inactive - Name Changed | 02/20/2009 |
| VALLEY HOSPITAL | Inactive - Name Changed | 02/20/2009 |
| PARKRIDGE MEDICAL CENTER | Inactive - Name Cancelled | 09/12/2007 |
| MED-SOUTH URGENT CARE CENTER | Inactive - Name Cancelled | 09/07/2006 |
| COLUMBIA HOMECARE EAST RIDGE HOSPITAL | Inactive - Name Cancelled | 11/06/2005 |
| COLUMBIA PARKRIDGE MEDICAL CENTER | Inactive - Name Changed | 02/03/2005 |
| COLUMBIA VALLEY HOSPITAL | Inactive - Name Changed | 11/23/2004 |
| COLUMBIA HOMECARE TENNESSEE | Inactive - Name Cancelled | 12/16/2003 |
| PARKRIDGE MEDICAL CENTER | Inactive | 09/15/2000 |
| HCA PARKRIDGE MEDICAL CENTER | Inactive - Name Expired | 09/25/1994 |



Clinical Applications of 3.0 Tesla MRI

3D CT/MRI/US/OTH IND
3D CT/MRI/US/OTH NOT IND
CAD LESN DETECT BRST MRI
MR GUIDANCE TISSUE ABLAT
MRA HD W&WO CONTRAST
MRA HD W/CONTRAST
MRA HD W/O CONT
MRA NECK W&WO CONT
MRA NECK W/CONTRAST
MRA NECK W/O CONT
MRA SPINE W CONT
MRA SPINE W WO CON
MRA SPINE WO CONT
MRA UP EXT W CONT LT
MRA UP EXT W CONT RT
MRA UP EXT WO CONT LT
MRA UP EXT WO CONT RT
MRA UP EXT WWO CONT LT
MRA UP EXT WWO CONT RT
MRA W/CONT ABD
MRA W/CONT CHEST
MRA W/CONT LWR EXT LT
MRA W/CONT LWR EXT RT
MRA W/O CONT ABD
MRA W/O CONT CHEST
MRA W/O CONT LWR EXT LT
MRA W/O CONT LWR EXT RT
MRA W/O FOL W/CONT ABD
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MRA WO FOL W CONT PELVIS
MRA WO W CONT LWR EXT LT
MRA WO W CONT LWR EXT RT
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MRI ABDOMEN W/CONT
MRI ABDOMEN W/O CONT
MRI BONE MARROW BLD
MRI BRAIN W&WO CONT
MRI BRAIN W/CONTRAST
MRI BRAIN W/O CONTRAST
MRI CHEST W&WO CONT
MRI CHEST W/CONTRAST
MRI CHEST W/O CONT
MRI C-SPINE W&W/O CONT
MRI C-SPINE W/CONTRAST
MRI C-SPINE W/O CONT
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 MRI LOW EXT W/CONT LT
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 MRI PELVIS W&WO CONT
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 MRI PELVIS W/O CONT
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 MRI T-SPINE W&W/O CONT
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OCT. 5. 2011 5:44PM

NO. 9716 P. 1/3



DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

Food and Drug Administration
10903 New Hampshire Avenue
Document Control Room - WO66-G609
Silver Spring, MD 20993-0002

Mr. Toru Shimizu
Regulatory Affairs Specialist
GE Healthcare Japan Corporation
7-127, Asahigaoka 4-Chrome
Itino-Shi, Tokyo, 191-8503
JAPAN

SEP 30 2011

Re: K103327

Trade/Device Name: Discovery MR750w 3.0T System
Regulation Number: 21 CFR 892.1000
Regulation Name: Magnetic resonance diagnostic device
Regulatory Class: II
Product Code: LNH, LNI and MOS
Dated: September 2, 2011
Received: September 7, 2011

Dear Mr. Shimizu:

We have reviewed your Section 510(k) premarket notification of intent to market the device referenced above and have determined the device is substantially equivalent (for the indications for use stated in the enclosure) to legally marketed predicate devices marketed in interstate commerce prior to May 28, 1976, the enactment date of the Medical Device Amendments, or to devices that have been reclassified in accordance with the provisions of the Federal Food, Drug, and Cosmetic Act (Act) that do not require approval of a premarket approval application (PMA). You may, therefore, market the device, subject to the general controls provisions of the Act. The general controls provisions of the Act include requirements for annual registration, listing of devices, good manufacturing practice, labeling, and prohibitions against misbranding and adulteration.

If your device is classified (see above) into class II (Special Controls), it may be subject to such additional controls. Existing major regulations affecting your device can be found in Title 21, Code of Federal Regulations (CFR), Parts 800 to 895. In addition, FDA may publish further announcements concerning your device in the Federal Register.

Please be advised that FDA's issuance of a substantial equivalence determination does not mean that FDA has made a determination that your device complies with other requirements of the Act or any Federal statutes and regulations administered by other Federal agencies. You must comply with all the Act's requirements, including, but not limited to: registration and listing (21 CFR Part 807); labeling (21 CFR Parts 801 and 809); medical device reporting (reporting of

Attachment B, II, E (2)

OCT. 5. 2011 5:44PM

NO. 9716 P. 2/3

Page 2

medical device-related adverse events) (21 CFR 803); and good manufacturing practice requirements as set forth in the quality systems (QS) regulation (21 CFR Part 820). This letter will allow you to begin marketing your device as described in your Section 510(k) premarket notification. The FDA finding of substantial equivalence of your device to a legally marketed predicate device results in a classification for your device and thus, permits your device to proceed to the market.

If you desire specific advice for your device on our labeling regulation (21 CFR Parts 801 and 809), please contact the Office of *In Vitro* Diagnostic Device Evaluation and Safety at (301) 796-5450. Also, please note the regulation entitled, "Misbranding by reference to premarket notification" (21 CFR Part 807.97). For questions regarding the reporting of adverse events under the MDR regulation (21 CFR Part 803), please go to <http://www.fda.gov/MedicalDevices/Safety/ReportaProblem/default.htm> for the CDRH's Office of Surveillance and Biometrics/Division of Postmarket Surveillance.

You may obtain other general information on your responsibilities under the Act from the Division of Small Manufacturers, International and Consumer Assistance at its toll-free number (800) 638-2041 or (301) 796-7100 or at its Internet address <http://www.fda.gov/cdrh/industry/support/index.html>.

Sincerely Yours,



Mary S. Pastel, Sc.D.
Director
Division of Radiological Devices
Office of In Vitro Diagnostic Device
Evaluation and Safety
Center for Devices and Radiological Health

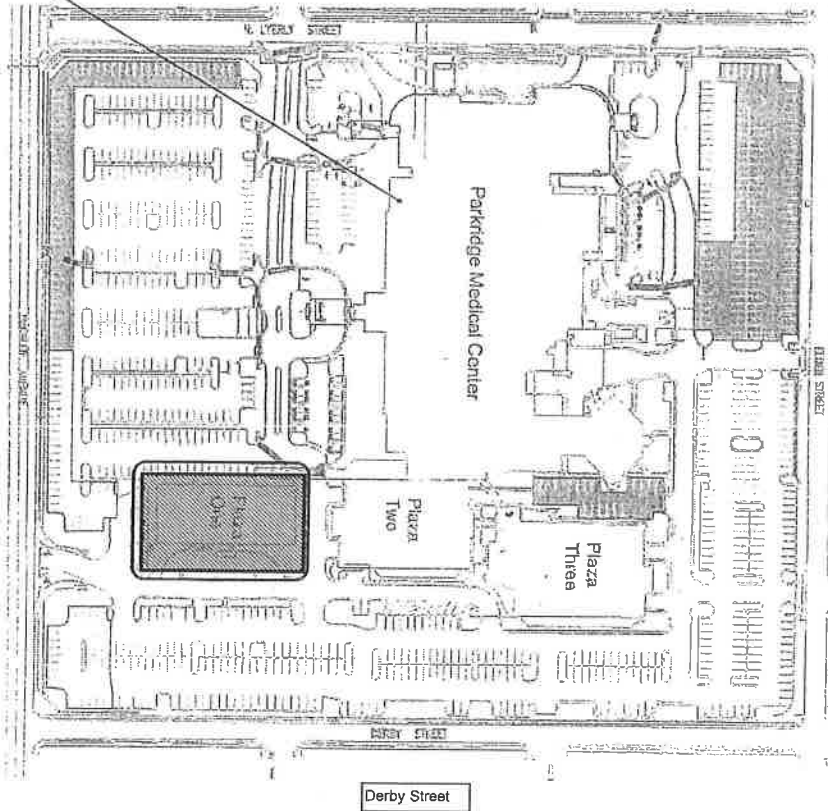
Enclosure

MRI Location

N. Lyerly Street

McCallie Avenue

Elder Street



Derby Street

Approximately 24.2 Acres

| | |
|-----------|---------------|
| DATE | Dec. 17, 2009 |
| DESIGNED: | L. Ealey |
| DRAWN: | B. Shrum |
| SCALE: | Not To Scale |
| JOB NO. | W/C ORDER |
| 99-044 | 9055 |

PARKRIDGE MEDICAL CENTER HCA CORPORATE REAL ESTATE

CITY OF CHATTANOOGA, HAMILTON COUNTY, TENNESSEE

PARKING STUDY "A"

RAGAN • SMITH

LAND PLANNERS • CIVIL ENGINEERS
LANDSCAPE ARCHITECTS • SURVEYORSRAGAN • SMITH • ASSOCIATES, INC.
200 WOOD STREET, P.O. BOX 10000, CHATTANOOGA, TN 37402
TEL: 423-263-1000 FAX: 423-263-1001 WWW.RSASSOCIATES.COM

Attachment B, III, (A)

Attachment B, III, (A)

PRELIMINARY PLANNING ONLY

PROJECT TITLE:

HCA — Parkridge Medical Center
MR 750w — Hospitalist Area
Chattanooga, TN

SCHEME NO.: 13JSH466 DRAWN BY: JSH DATE: 30.Apr.14

THIS LAYOUT MUST BE APPROVED BEFORE
FINAL DRAWINGS CAN BE STARTED. THANK YOU

CUSTOMER

DATE:

GE INSTALL
SPECIALIST

DATE:

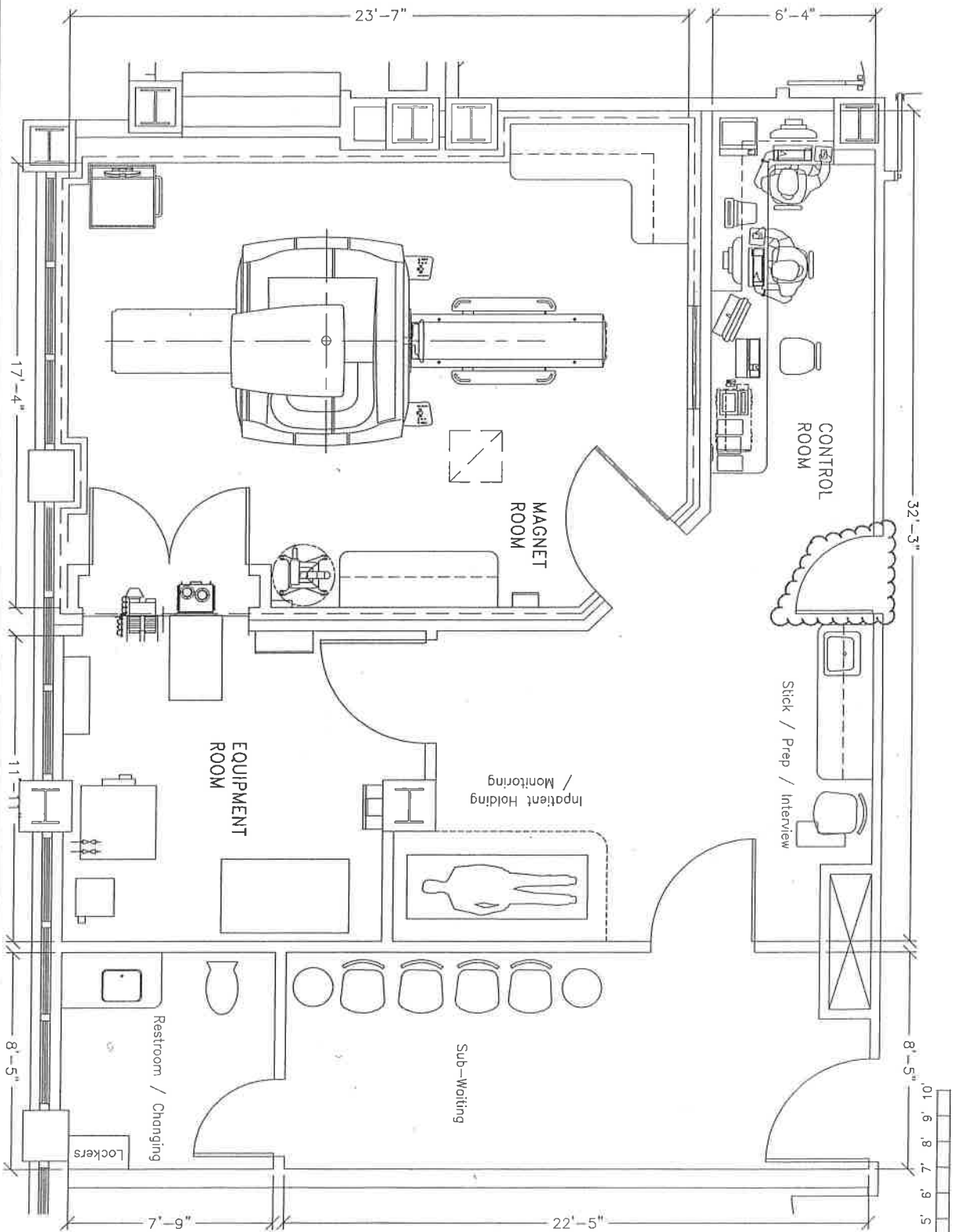


GE Healthcare

Modality Installation Planning

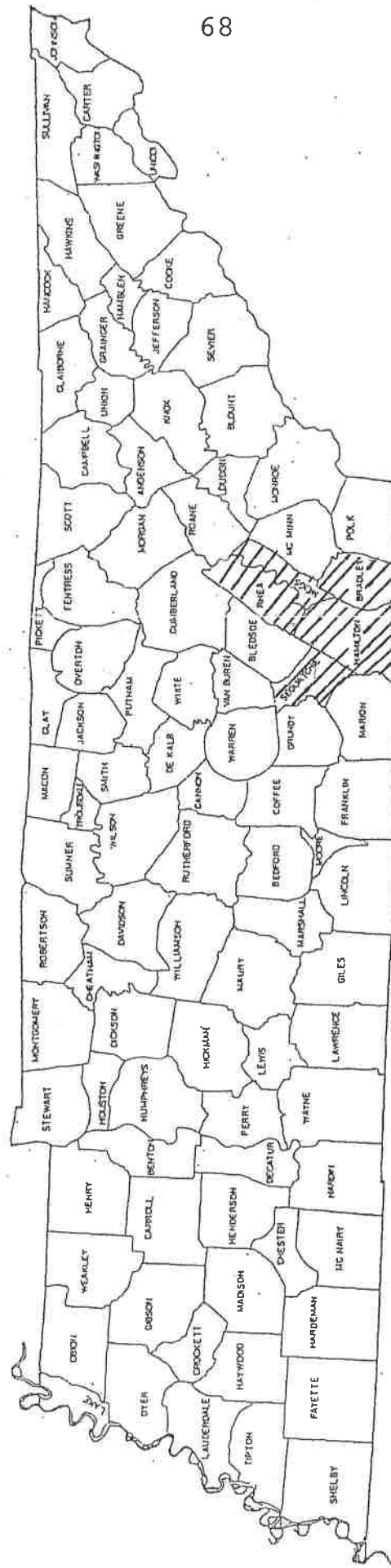
Milwaukee,

Wisconsin



SERVICE AREA

PARKRIDGE MEDICAL CENTER



| POPULATION AND DEMOGRAPHICS OF SERVICE AREA (TENNESSEE COUNTIES) | | | | | | | | |
|--|-------------------|--------------------|------------------|-----------------|----------------|----------------------|-----------------------|--|
| Variable | Bradley County | Hamilton County | Marion County | Meigs County | Rhea County | Sequatchie County | State of Tennessee | |
| Current Year (2014), Age 65+ | 16,410 | 56,269 | 5,320 | 2,457 | 5,982 | 2,795 | 981,984 | |
| Projected Year (2016), Age 65+* | 17,503 | 59,484 | 5,630 | 2,644 | 6,417 | 3,046 | 1,042,071 | |
| Age 65+, % Change | 6.7% | 5.7% | 5.8% | 7.6% | 7.3% | 9.0% | 6.1% | |
| Age 65+, % Total (PY) | 16.6% | 17.0% | 19.6% | 21.2% | 18.8% | 19.6% | 15.5% | |
| CY, Total Population | 103,308 | 347,451 | 28,556 | 12,205 | 33,392 | 15,019 | 6,588,698 | |
| PY, Total Population | 105,418 | 350,924 | 28,776 | 12,445 | 34,128 | 15,506 | 6,710,579 | |
| Total Pop. % Change | 2.0% | 1.0% | 0.8% | 2.0% | 2.2% | 3.2% | 1.8% | |
| TennCare Enrollees (April, 2014) | 18,850 | 57,298 | 6,198 | 2,700 | 8,090 | 3,574 | 1,184,986 | |
| TennCare Enrollees as a % of Total Population(CY) | 18.2% | 16.5% | 21.7% | 22.1% | 24.2% | 23.8% | 18.0% | |
| Median Age (2010) | 38 | 39 | 42 | 43 | 40 | 41 | 38 | |
| Median Household Income ('08-'12) | \$40,614 | \$46,544 | \$39,817 | \$33,492 | \$36,470 | \$33,181 | \$44,140 | |
| Population % Below Poverty Level ('08-'12) | 17.8% | 16.2% | 19.2% | 23.3% | 22.4% | 19.3% | 17.3% | |

Sources: Population, <http://health.state.tn.us/statistics/CertNeed.shtml>; TennCare enrollment, TennCare Bureau website; Age, TACIR County Profiles website; Income and poverty level, Census Bureau QuickFacts.

MRI UTILIZATION IN SERVICE AREA (TENNESSEE COUNTIES)

| County | Type | Provider | 2011 | | | 2012 | | | 2013 | | |
|--|-----------|------------------------------------|---------|-------|---------|-------|---------|-------|---------|--------|---------|
| | | | # Units | Scans | # Units | Scans | # Units | Scans | # Units | Scans | # Units |
| Bradley | PO | Cleveland Imaging | (1) | 368 | (1) | 2769 | (1) | 2769 | (1) | N/A | (1) |
| Bradley | HOSP | Skyridge Medical Center | (1) | 2584 | (1) | 2499 | (1) | 2499 | (1) | 2302 | (1) |
| Bradley | HOSP | Skyridge Medical Center - Westside | (2) | 3214 | (2) | 2493 | (2) | 2493 | (2) | 1809 | (2) |
| Hamilton | PO | Chattanooga Bone & Joint Surgeons | (1) | 1119 | (1) | 1021 | (1) | 1021 | (1) | N/A | (1) |
| Hamilton | ODC | Chattanooga Imaging Downtown | (2) | 2044 | (2) | 2035 | (2) | 2035 | (2) | No JAR | (2) |
| Hamilton | RPO | Chattanooga Imaging East | (2) | 4552 | (2) | 2850 | (2) | 2850 | (2) | N/A | (2) |
| Hamilton | RPO | Chattanooga Imaging Hixson | (1) | 2117 | (1) | 2230 | (1) | 2230 | (1) | N/A | (1) |
| Hamilton | PO | Chattanooga Orthopaedic Group PC | (1) | 5698 | (1) | 5332 | (1) | 5332 | (1) | N/A | (1) |
| Hamilton | ODC | Chattanooga Outpatient Center | (1) | 6045 | (1) | 6465 | (1) | 6465 | (1) | 7302 | (1) |
| Hamilton | H-Imaging | Erlanger East Imaging | (1) | 1275 | (1) | 704 | (1) | 704 | (1) | 608 | (1) |
| Hamilton | HOSP | Erlanger Medical Center | (3) | 10730 | (3) | 10915 | (3) | 10915 | (3) | 11822 | (3) |
| Hamilton | HOSP | Memorial Hixson Hospital | (2) | 4048 | (2) | 2836 | (2) | 2836 | (2) | 3764 | (2) |
| Hamilton | HOSP | Memorial Hospital | (3) | 8211 | (3) | 4096 | (3) | 4096 | (3) | 8036 | (3) |
| Hamilton | H-Imaging | Memorial Ooltewah Imaging Center | (1) | 1286 | (1) | 1050 | (1) | 1050 | (1) | 1403 | (1) |
| Hamilton | PO | Neurosurgical Group of Chattanooga | (1) | 1388 | (1) | 1405 | (1) | 1405 | (1) | N/A | (1) |
| Hamilton | HOSP | Parkridge East Hospital | (1) | 934 | (1) | 919 | (1) | 919 | (1) | 1031 | (1) |
| Hamilton | HOSP | Parkridge Medical Center | (1) | 2320 | (1) | 2496 | (1) | 2496 | (1) | 2060 | (1) |
| Hamilton | RPO | Tennessee Imaging and Vein Center | (1) | 2615 | (1) | 3074 | (1) | 3074 | (1) | N/A | (1) |
| Marion | HOSP | Grandview Medical Center | (1) | 884 | (1) | 953 | (1) | 953 | (1) | 916 | (1) |
| Rhea | HOSP | Rhea Medical Center | (1) | 1289 | (1) | 1530 | (1) | 1530 | (1) | 0 | (1) |
| Totals not including PO, RPO and 1 non-reporting ODC (2013)* | | | (18) | 48019 | (18) | 42529 | (18) | 42529 | (18) | 43355 | (18) |

"PO" Physician Office; "RPO" Radiologist Physician Office

* These providers not included in "Totals" due to the lack of complete data available for 2013.

Source: 2011 & 2012: HSDA Medical Equipment Registry; 2013: Joint Annual Reports.

71
MATTHEW E. KENNEDY
ARCHITECT



12 August 2014

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development agency
161 Rosa Parks Boulevard
Nashville, TN 37203

RE: Parkridge Medical Center:
MRI Suite Renovation
Chattanooga, Tennessee

Dear Ms. Hill,

Matthew Kennedy, Architect, has reviewed the construction cost estimate provided by EEI Construction. Based on our experience and knowledge of the current healthcare market, it is our opinion that the projected cost of \$521,097.00 at \pm \$434 per S.F. appears to be reasonable for this project type and size.

Below is a summary of the current building codes enforced for this project. This listing may not be entirely inclusive, but the intent is for all applicable codes and standards, State and Local, to be addressed during the design process. The codes in effect at the time of submittal of plans and specifications shall be the codes to be used throughout the project.

- International Building Code
- International Energy Conservation Code
- International Mechanical Code
- International Plumbing Code
- International Fuel Gas Code
- International Fire Code (with local amendments)
- NFPA 101 Life Safety Code
- National Electrical code
- Guidelines for the Design and Construction of Health Care Facilities
- Rules of TN Department of Health Board for Licensing Health Care Facilities

Sincerely,

Matthew E. Kennedy, AIA, NCARB, LEED AP





August 13, 2014

Melanie M. Hill
Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

Re: Parkridge Medical Center
Certificate of Need for MRI Unit

Dear Ms. Hill:

I serve as Chief Financial Officer for Parkridge Medical Center. Parkridge has filed a certificate of need application for the acquisition of an additional MRI unit. The estimate project cost is \$2,968,924.

The funding for this project will be provided through an allocation from HCA, Inc. These funds are available for this purpose.

Please let me know if you have any questions or if additional information is needed.

Sincerely,

A handwritten signature in dark ink, appearing to read "Thomas W. Jackson, III".

Thomas W. Jackson, III
Market Chief Financial Officer

| Unit | CDM | Description | Department | Rev Code | HCPCS | HCPCS Q1 | CPT | IPCharge | OPCharge | MEDICARE REIMBURSEMENT |
|------|--------|--------------------------|------------|----------|-----------|----------|-------|-----------|-----------|--------------------------------|
| 31 | 316575 | 3D CT/MRI/US/OTH IND | 734 | 610 | 76377 | | 76377 | 1,103.75 | 1,103.75 | NO SEP. REIMBURSEMENT PACKAGED |
| 31 | 316569 | 3D CT/MRI/US/OTH NOT IND | 734 | 610 | 76376 | | 76376 | 934.25 | 934.25 | NO SEP. REIMBURSEMENT PACKAGED |
| 31 | 326735 | CAD LESN DETECT BRST MRI | 734 | 610 | 00159T | | | 51.75 | 51.75 | NO SEP. REIMBURSEMENT PACKAGED |
| 31 | 316933 | MR GUIDANCE TISSUE ABLAT | 734 | 610 | 77022 | | 77022 | 11,808.75 | 11,808.75 | NO SEP. REIMBURSEMENT PACKAGED |
| 31 | 314914 | MRA HD W&WO CONTRAST | 734 | 615 | 70546 | | 70546 | 3,631.00 | 3,631.00 | |
| 31 | 314908 | MRA HD W/CONTRAST | 734 | 615 | 70545 | | 70545 | 3,461.50 | 3,461.50 | |
| 31 | 314902 | MRA HD W/O CONT | 734 | 615 | 70544 | | 70544 | 3,241.00 | 3,241.00 | |
| 31 | 314949 | MRA NECK W&WO CONT | 734 | 615 | 70549 | | 70549 | 3,631.00 | 3,631.00 | |
| 31 | 314934 | MRA NECK W/CONTRAST | 734 | 615 | 70548 | | 70548 | 3,461.50 | 3,461.50 | |
| 31 | 314919 | MRA NECK W/O CONT | 734 | 615 | 70547 | | 70547 | 3,241.00 | 3,241.00 | |
| 31 | 326116 | MRA SPINE W CONT | 734 | 618 | C8931 | | 72159 | 2,791.75 | 2,791.75 | |
| 31 | 326124 | MRA SPINE W WO CON | 734 | 618 | C8933 | | 72159 | 3,408.50 | 3,408.50 | |
| 31 | 326120 | MRA SPINE WO CONT | 734 | 618 | C8932 | | 72159 | 2,191.25 | 2,191.25 | |
| 31 | 326128 | MRA UP EXT W CONT LT | 734 | 610 | C8934 LT | | 73225 | 2,791.75 | 2,791.75 | |
| 31 | 326133 | MRA UP EXT W CONT RT | 734 | 610 | C8934 RT | | 73225 | 2,791.75 | 2,791.75 | |
| 31 | 326138 | MRA UP EXT WO CONT LT | 734 | 610 | C8935 LT | | 73225 | 2,191.25 | 2,191.25 | |
| 31 | 326143 | MRA UP EXT WO CONT RT | 734 | 610 | C8935 RT | | 73225 | 2,191.25 | 2,191.25 | |
| 31 | 326149 | MRA UP EXT WWO CONT LT | 734 | 610 | C8936 LT | | 73225 | 3,408.50 | 3,408.50 | |
| 31 | 326154 | MRA UP EXT WWO CONT RT | 734 | 610 | C8936 RT | | 73225 | 3,408.50 | 3,408.50 | |
| 31 | 320487 | MRA W/CONT ABD | 734 | 618 | OC8900 | | 74185 | 3,461.50 | 3,461.50 | |
| 31 | 319522 | MRA W/CONT CHEST | 734 | 618 | OC8909 | | 71555 | 3,461.50 | 3,461.50 | |
| 31 | 320454 | MRA W/CONT LWR EXT LT | 734 | 616 | OC8912 LT | | 73725 | 3,688.25 | 3,688.25 | |
| 31 | 320456 | MRA W/CONT LWR EXT RT | 734 | 616 | OC8912 RT | | 73725 | 3,688.25 | 3,688.25 | |
| 31 | 320488 | MRA W/O CONT ABD | 734 | 618 | OC8901 | | 74185 | 3,241.00 | 3,241.00 | |
| 31 | 319523 | MRA W/O CONT CHEST | 734 | 618 | OC8910 | | 71555 | 3,241.00 | 3,241.00 | |
| 31 | 320457 | MRA W/O CONT LWR EXT LT | 734 | 616 | OC8913 LT | | 73725 | 3,631.00 | 3,631.00 | |
| 31 | 320458 | MRA W/O CONT LWR EXT RT | 734 | 616 | OC8913 RT | | 73725 | 3,631.00 | 3,631.00 | |
| 31 | 320489 | MRA W/O FOL W/CONT ABD | 734 | 618 | OC8902 | | 74185 | 3,631.00 | 3,631.00 | |
| 31 | 319524 | MRA W/O FOL W/CONT CHEST | 734 | 618 | OC8911 | | 71555 | 3,631.00 | 3,631.00 | |
| 31 | 319538 | MRA WO FOL W CONT PELVIS | 734 | 618 | OC8920 | | 72198 | 3,631.00 | 3,631.00 | |
| 31 | 320459 | MRA WO W CONT LWR EXT LT | 734 | 616 | OC8914 LT | | 73725 | 3,799.50 | 3,799.50 | |
| 31 | 320461 | MRA WO W CONT LWR EXT RT | 734 | 616 | OC8914 RT | | 73725 | 3,799.50 | 3,799.50 | |
| 31 | 315845 | MRI ABDOMEN W&WO CONT | 734 | 610 | 74183 | | 74183 | 5,224.00 | 5,224.00 | |
| 31 | 315837 | MRI ABDOMEN W/CONT | 734 | 610 | 74182 | | 74182 | 5,004.75 | 5,004.75 | |
| 31 | 315809 | MRI ABDOMEN W/O CONT | 734 | 610 | 74181 | | 74181 | 4,818.00 | 4,818.00 | |

| | | | | | | | | | |
|----|--------|--------------------------|-----|-----|----------|----------|----------|----------|--------|
| 31 | 317C38 | MRI BONE MARROW BLD | 734 | 610 | 77084 | 77084 | 3,109.25 | 3,109.25 | 256.75 |
| 31 | 314968 | MRI BRAIN W&WO CONT | 734 | 611 | 70553 | 70553 | 5,996.25 | 5,996.25 | 429.33 |
| 31 | 314963 | MRI BRAIN W/CONTRAST | 734 | 611 | 70552 | 70552 | 4,818.00 | 4,818.00 | 371.47 |
| 31 | 314956 | MRI BRAIN W/O CONTRAST | 734 | 611 | 70551 | 70551 | 4,818.00 | 4,818.00 | 256.75 |
| 31 | 315207 | MRI CHEST W&WO CONT | 734 | 610 | 71552 | 71552 | 5,224.00 | 5,224.00 | 256.75 |
| 31 | 315202 | MRI CHEST W/CONTRAST | 734 | 610 | 71551 | 71551 | 5,004.75 | 5,004.75 | 371.47 |
| 31 | 315197 | MRI CHEST W/O CONT | 734 | 610 | 71550 | 71550 | 4,818.00 | 4,818.00 | 294.78 |
| 31 | 315508 | MRI C-SPINE W&W/O CONT | 734 | 612 | 72156 | 72156 | 6,064.25 | 6,064.25 | 492.92 |
| 31 | 315463 | MRI C-SPINE W/CONTRAST | 734 | 612 | 72142 | 72142 | 4,818.00 | 4,818.00 | 426.49 |
| 31 | 315457 | MRI C-SPINE W/O CONT | 734 | 612 | 72141 | 72141 | 4,818.00 | 4,818.00 | 294.78 |
| 31 | 320379 | MRI LOW EXT W&WO CONT LT | 734 | 610 | 73720 LT | 73720 | 4,050.00 | 4,050.00 | 492.92 |
| 31 | 320380 | MRI LOW EXT W&WO CONT RT | 734 | 610 | 73720 RT | 73720 | 4,050.00 | 4,050.00 | 492.92 |
| 31 | 320366 | MRI LOW EXT W/CONT LT | 734 | 610 | 73719 LT | 73719 | 3,831.75 | 3,831.75 | 426.49 |
| 31 | 320367 | MRI LOW EXT W/CONT RT | 734 | 610 | 73719 RT | 73719 | 3,831.75 | 3,831.75 | 426.49 |
| 31 | 322257 | MRI LOW EXT W/O CONT LT | 734 | 610 | 73718 LT | 73718 | 3,579.00 | 3,579.00 | 294.78 |
| 31 | 322259 | MRI LOW EXT W/O CONT RT | 734 | 610 | 73718 RT | 73718 | 3,579.00 | 3,579.00 | 294.78 |
| 31 | 315527 | MRI L-SPINE W&W/O CONT | 734 | 612 | 72148 | 72148 | 4,818.00 | 4,818.00 | 492.92 |
| 31 | 315503 | MRI L-SPINE W/CONT | 734 | 612 | 72149 | 72149 | 4,818.00 | 4,818.00 | 426.49 |
| 31 | 315493 | MRI L-SPINE W/O CONT | 734 | 612 | 72148 | 72148 | 4,818.00 | 4,818.00 | 294.78 |
| 31 | 319224 | MRI LW JNT W WO CONT BI | 734 | 610 | 73723 | 50 73723 | 5,624.00 | 5,624.00 | 492.92 |
| 31 | 320425 | MRI LW JNT W&WO CONT LT | 734 | 610 | 73723 LT | 73723 | 4,050.00 | 4,050.00 | 492.92 |
| 31 | 320426 | MRI LW JNT W&WO CONT RT | 734 | 610 | 73723 RT | 73723 | 4,050.00 | 4,050.00 | 492.92 |
| 31 | 320408 | MRI LW JNT W/CONTRAST LT | 734 | 610 | 73722 LT | 73722 | 3,831.75 | 3,831.75 | 426.49 |
| 31 | 320409 | MRI LW JNT W/CONTRAST RT | 734 | 610 | 73722 RT | 73722 | 3,831.75 | 3,831.75 | 426.49 |
| 31 | 320397 | MRI LW JNT W/O CONT LT | 734 | 610 | 73721 LT | 73721 | 3,579.00 | 3,579.00 | 294.78 |
| 31 | 320398 | MRI LW JNT W/O CONT RT | 734 | 610 | 73721 RT | 73721 | 3,579.00 | 3,579.00 | 294.78 |
| 31 | 314892 | MRI OR/FCE/NCK W&WO | 734 | 611 | 70543 | 70543 | 4,050.00 | 4,050.00 | 492.92 |
| 31 | 314886 | MRI OR/FCE/NCK W/CONT | 734 | 611 | 70542 | 70542 | 3,831.75 | 3,831.75 | 426.49 |
| 31 | 314879 | MRI OR/FCE/NCK W/O CONT | 734 | 611 | 70540 | 70540 | 3,579.00 | 3,579.00 | 256.75 |
| 31 | 315633 | MRI PELVIS W&WO CONT | 734 | 612 | 72197 | 72197 | 5,004.75 | 5,004.75 | 429.33 |
| 31 | 315622 | MRI PELVIS W/CONTRAST | 734 | 612 | 72196 | 72196 | 4,818.00 | 4,818.00 | 371.47 |
| 31 | 315617 | MRI PELVIS W/O CONT | 734 | 612 | 72195 | 72195 | 4,419.25 | 4,419.25 | 256.75 |
| 31 | 314723 | MRI TMJ | 734 | 610 | 70336 | 70336 | 3,109.25 | 3,109.25 | 256.75 |
| 31 | 315515 | MRI T-SPINE W&W/O CONT | 734 | 612 | 72157 | 72157 | 6,064.25 | 6,064.25 | 429.33 |
| 31 | 315484 | MRI T-SPINE W/CONTRAST | 734 | 612 | 72147 | 72147 | 4,818.00 | 4,818.00 | 371.47 |
| 31 | 315469 | MRI T-SPINE W/O CONT | 734 | 612 | 72146 | 72146 | 4,818.00 | 4,818.00 | 256.75 |
| 31 | 319132 | MRI UP EX W WO CONT BI | 734 | 610 | 73220 | 50 73220 | 5,624.00 | 5,624.00 | 492.92 |

| | | | | | | |
|------------------------------------|-----|---------------|----------|-------------------|-------------------|-----------------|
| 31 319838 MRI UP EX W&WO-CONT LT | 734 | 610 73220 LT | 73220 | 4,050.00 | 4,050.00 | 492.92 |
| 31 319839 MRI UP EX W&WO CONT RT | 734 | 610 73220 RT | 73220 | 4,050.00 | 4,050.00 | 492.92 |
| 31 319147 MRI UP JNT W WO CONT BI | 734 | 610 73223 | 50 73223 | 5,624.00 | 5,624.00 | 492.92 |
| 31 319873 MRI UP JNT W&WO CONT LT | 734 | 610 73223 LT | 73223 | 4,050.00 | 4,050.00 | 492.92 |
| 31 319874 MRI UP JNT W&WO CONT RT | 734 | 610 73223 RT | 73223 | 4,050.00 | 4,050.00 | 492.92 |
| 31 319863 MRI UP JNT W/CONT LT | 734 | 610 73222 LT | 73222 | 3,831.75 | 3,831.75 | 371.47 |
| 31 319864 MRI UP JNT W/CONT RT | 734 | 610 73222 RT | 73222 | 3,831.75 | 3,831.75 | 371.47 |
| 31 319851 MRI UP JNT W/O CONT LT | 734 | 610 73221 LT | 73221 | 3,579.00 | 3,579.00 | 256.75 |
| 31 319852 MRI UP JNT W/O CONT RT | 734 | 610 73221 RT | 73221 | 3,579.00 | 3,579.00 | 256.75 |
| 31 319828 MRI UPPER EX W/CONT LT | 734 | 610 73219 LT | 73219 | 3,831.75 | 3,831.75 | 371.47 |
| 31 319829 MRI UPPER EX W/CONT RT | 734 | 610 73219 RT | 73219 | 3,831.75 | 3,831.75 | 371.47 |
| 31 319818 MRI UPPER EX W/O CONT LT | 734 | 610 73218 LT | 73218 | 3,579.00 | 3,579.00 | 256.75 |
| 31 319819 MRI UPPER EX W/O CONT RT | 734 | 610 73218 RT | 73218 | 3,579.00 | 3,579.00 | 256.75 |
| 31 320674 MRI W/CONT BREAST BI | 734 | 610 0C8906 | 77059 | 5,622.50 | 5,622.50 | 371.47 |
| 31 320647 MRI W/CONT BREAST UNI LT | 734 | 610 0C8903 LT | 77058 | 4,402.00 | 4,402.00 | 371.47 |
| 31 320648 MRI W/CONT BREAST UNI RT | 734 | 610 0C8903 RT | 77058 | 4,402.00 | 4,402.00 | 371.47 |
| 31 320675 MRI W/O CONT BREAST BI | 734 | 610 0C8907 | 77059 | 5,556.50 | 5,556.50 | 256.75 |
| 31 320649 MRI W/O CONT BRST UNI LT | 734 | 610 0C8904 LT | 77058 | 4,242.25 | 4,242.25 | 256.75 |
| 31 320651 MRI W/O CONT BRST UNI RT | 734 | 610 0C8904 RT | 77058 | 4,242.25 | 4,242.25 | 256.75 |
| 31 320676 MRI WO FOL W/CON BRST BI | 734 | 610 0C8908 | 77059 | 5,739.00 | 5,739.00 | 429.33 |
| 31 320652 MRI WO FOL WCON BR UN LT | 734 | 610 0C8905 LT | 77058 | 4,488.50 | 4,488.50 | 429.33 |
| 31 320653 MRI WO FOL WCON BR UN RT | 734 | 610 0C8905 RT | 77058 | 4,488.50 | 4,488.50 | 429.33 |
| | | | | \$4,071.97 | \$4,071.97 | \$369.72 |

(Stated in 1,000s)

200031 - Parkridge Medical Center

Dec - 2013

7/22/2014 12:58:29 PM

All Entities

Report ID: ALCFS008

Financial Statements - Income Statement

| Month | | | | | | | All Department Num | Year to Date | | | | | | |
|--------------------------------|--------|---------|----------|------------|---------|----------|--|--------------|---------|----------|---------|------------|---------|---------|
| Actual | Budget | Bud Var | Var % | Prior Year | PY Var | Var % | | Actual | Budget | Bud Var | Var % | Prior Year | PY Var | Var % |
| REVENUES | | | | | | | | | | | | | | |
| 5,476 | 6,003 | (527) | -8.76% | 5,908 | (433) | -7.32% | Inpatient Revenue Routine Services | 70,453 | 70,810 | (356) | -0.50% | 68,784 | 1,669 | 2.43% |
| 35,764 | 40,490 | (4,727) | -11.67% | 34,093 | 1,681 | 4.83% | Inpatient Revenue Ancillary Services | 425,031 | 453,231 | (28,200) | -6.22% | 394,693 | 30,338 | 7.69% |
| 41,239 | 46,493 | (5,254) | -11.30% | 39,991 | 1,248 | 3.12% | Inpatient Gross Revenue | 495,484 | 524,041 | (28,558) | -5.45% | 463,478 | 32,007 | 6.91% |
| 34,271 | 38,160 | (3,889) | -10.19% | 31,456 | 2,817 | 8.95% | Outpatient Gross Revenue | 386,774 | 428,418 | (41,644) | -9.72% | 371,108 | 9,666 | 2.56% |
| 75,511 | 84,653 | (9,142) | -10.80% | 71,445 | 4,065 | 5.69% | Total Patient Revenue | 882,258 | 952,458 | (70,200) | -7.37% | 840,585 | 41,673 | 4.95% |
| 39 | 77 | (39) | -49.81% | 57 | (19) | -32.39% | Other Revenue | 647 | 954 | (307) | -32.16% | 916 | (269) | -29.37% |
| 75,540 | 84,730 | (9,181) | -10.84% | 71,503 | 4,047 | 5.66% | Gross Revenue | 882,905 | 953,412 | (70,507) | -7.40% | 841,502 | 41,403 | 4.92% |
| DEDUCTIONS | | | | | | | | | | | | | | |
| 23,202 | 29,962 | (6,760) | -22.56% | 24,670 | (1,468) | -5.95% | Total CY CA - Medicare (1,2) | 302,531 | 328,352 | (25,821) | -7.84% | 291,491 | 12,039 | 4.13% |
| (328) | 639 | (767) | -120.05% | 753 | (881) | -116.99% | Total CY CA - Medicaid (3) | 7,047 | 7,397 | (349) | -4.72% | 6,403 | 645 | 10.07% |
| 512 | 479 | 33 | 6.89% | 316 | 196 | 62.22% | Total CY CA - Champions (8) | 4,916 | 5,370 | (454) | -8.45% | 4,688 | 226 | 4.83% |
| (4) | (4) | (4) | | (2,442) | 2,439 | 99.85% | Prior Year Contractuals | (6,095) | (3,089) | (3,007) | -97.35% | (5,916) | (179) | -3.03% |
| 27,914 | 31,342 | (3,428) | -10.94% | 23,774 | 4,140 | 17.41% | Total CY CA - Mgd Care (7,9,9,12,13,14) | 317,823 | 348,683 | (30,860) | -8.85% | 295,685 | 22,138 | 7.49% |
| (129) | 836 | (965) | -115.39% | (240) | 111 | 46.42% | Charity | 5,411 | 9,471 | (4,060) | -42.87% | 6,524 | (1,113) | 17.06% |
| 2,715 | 888 | 1,829 | 206.41% | 3,124 | (408) | -12.07% | Bad Debt | 18,889 | 14,100 | 2,769 | 19.64% | 10,534 | 6,335 | 60.13% |
| 5,092 | 3,907 | 1,185 | 30.33% | 2,250 | 2,841 | 126.25% | Other Deductions | 40,331 | 47,344 | (7,013) | -14.81% | 42,535 | (2,204) | -5.18% |
| 59,174 | 68,050 | (8,876) | -13.04% | 52,204 | 6,971 | 13.35% | Total Revenue Deductions (incl Bad Debt) | 689,832 | 758,627 | (68,795) | -9.07% | 651,946 | 37,886 | 5.81% |
| 16,375 | 16,680 | (305) | -1.83% | 19,299 | (2,924) | -15.15% | Cash Revenue | 193,073 | 194,785 | (1,712) | -0.88% | 189,556 | 3,517 | 1.86% |
| OPERATING EXPENSES | | | | | | | | | | | | | | |
| 3,740 | 4,027 | (287) | -7.13% | 3,705 | 35 | 0.95% | Salaries and Wages | 45,848 | 46,118 | (271) | -0.59% | 44,147 | 1,701 | 3.85% |
| 205 | 217 | (12) | -5.38% | 224 | (19) | -8.60% | Contract Labor | 2,815 | 2,587 | 228 | 8.87% | 2,741 | (126) | -4.59% |
| 844 | 1,210 | (366) | -30.29% | 1,184 | (340) | -28.73% | Employee Benefits | 13,461 | 14,572 | (1,111) | -7.62% | 13,880 | (419) | -3.02% |
| 4,332 | 3,784 | 548 | 14.48% | 3,842 | 490 | 12.75% | Supply Expense | 46,535 | 45,320 | 1,216 | 2.68% | 44,818 | 1,657 | 3.69% |
| 101 | 114 | (13) | -11.07% | 177 | (75) | -42.57% | Professional Fees | 1,825 | 1,387 | 438 | 33.50% | 1,303 | 521 | 39.99% |
| 1,260 | 1,242 | 18 | 1.47% | 1,612 | (352) | -21.82% | Contract Services | 15,279 | 15,003 | 276 | 1.84% | 15,064 | 215 | 1.42% |
| 379 | 324 | 55 | 16.66% | 405 | (26) | -6.42% | Repairs and Maintenance | 2,881 | 3,668 | (13) | 0.33% | 4,096 | (215) | -5.24% |
| 62 | 86 | (24) | -28.14% | 82 | (20) | -24.19% | Rents and Leases | 759 | 1,033 | (275) | -26.58% | 984 | (226) | -22.93% |
| 143 | 155 | (12) | -7.69% | 130 | 13 | 9.59% | Utilities | 1,834 | 2,017 | (183) | -9.09% | 1,963 | (129) | -6.52% |
| (152) | (132) | (20) | 15.07% | (57) | (95) | -166.36% | Insurance | 1,335 | 1,355 | (20) | -1.47% | 1,280 | 264 | 23.57% |
| 64 | 70 | (6) | -8.60% | 65 | 0 | -0.37% | Investment Income | | | | | | | |
| 264 | 157 | 107 | 68.44% | 142 | 122 | 86.03% | Non-income Taxes | 777 | 844 | (67) | -7.89% | 774 | 3 | 0.40% |
| 11,242 | 11,255 | (12) | -0.11% | 11,510 | (267) | -2.32% | Other Operating Expense | 2,298 | 1,971 | 327 | 16.57% | 1,938 | 359 | 18.54% |
| 5,132 | 5,425 | (293) | -5.40% | 7,789 | (2,657) | -34.11% | Cash Expense | 128,446 | 136,035 | (7,589) | -5.57% | 132,830 | 3,396 | 2.57% |
| 486 | 387 | 99 | 25.58% | 454 | 32 | 7.06% | EBITDA | 56,627 | 58,750 | (2,123) | -3.61% | 56,706 | (79) | -0.14% |
| CAPITAL AND OTHER COSTS | | | | | | | | | | | | | | |
| (644) | (405) | (238) | -58.75% | (506) | (138) | -27.23% | Depreciation & Amortization | 5,437 | 5,003 | 434 | 8.68% | 6,352 | (916) | -14.41% |
| 1,306 | 1,283 | 23 | 1.79% | (596) | 1,903 | 319.00% | Other Non-Operating Expense | | | | | | | |
| 1,129 | 1,245 | (116) | -9.32% | (648) | 1,777 | 274.21% | Interest Expense | (6,840) | (4,867) | (1,973) | -40.54% | (5,140) | (1,700) | -33.05% |
| 4,004 | 4,181 | (177) | -4.23% | 8,437 | (4,433) | -52.55% | Mgmt Fees and Markup Cost | 13,453 | 15,217 | (1,764) | -11.59% | 11,037 | 2,416 | 21.89% |
| | | | | | | | Minority Interest | | | | | | | |
| | | | | | | | Total Capital and Other | 12,049 | 15,352 | (3,303) | -21.51% | 12,249 | (199) | -1.63% |
| | | | | | | | Profit Income | 44,578 | 43,398 | 1,180 | 2.72% | 44,457 | 121 | 0.27% |
| TAXES ON INCOME | | | | | | | | | | | | | | |
| | | | | | | | Federal Income Taxes | | | | | | | |
| | | | | | | | State Income Taxes | | | | | | | |
| | | | | | | | Total Taxes on Income | | | | | | | |
| 4,004 | 4,181 | (177) | -4.23% | 8,437 | (4,433) | -52.55% | Net Income | 44,578 | 43,398 | 1,180 | 2.72% | 44,457 | 121 | 0.27% |

Financial Statements - Balance Sheet

All Entities

| Month | | | Year to Date | | | |
|--|------------|--------------|---------------------------------|--------------|-------------|--------------|
| Begin | Change | Ending | Begin | Change | Ending | |
| CURRENT ASSETS | | | | | | |
| 139,681 | -136,863 | 2,798 | Cash & Cash Equivalents | 87,185 | -84,367 | 2,798 |
| | | | Marketable Securities | | | |
| PATIENT ACCOUNTS RECEIVABLES | | | | | | |
| 21,731,424 | 741,237 | 22,472,661 | Patient Receivables | 16,031,166 | 6,441,495 | 22,472,661 |
| | | | Less Allow for Govt Receivables | | | |
| -20,070,476 | -2,110,234 | -22,180,710 | Less Allow - Bad Debt | -15,635,570 | -6,545,140 | -22,180,710 |
| 1,660,948 | -1,368,997 | 291,951 | Net Patient Receivables | 395,596 | -103,845 | 291,951 |
| FINAL SETTLEMENTS | | | | | | |
| 768,039 | 3,754 | 771,793 | Due to/from Govt Programs | 2,950,133 | -2,178,340 | 771,793 |
| | | | Allowances Due Govt Programs | | | |
| 768,039 | 3,754 | 771,793 | Net Final Settlements | 2,950,133 | -2,178,340 | 771,793 |
| | | | | | | |
| 2,428,987 | -1,365,243 | 1,063,744 | Net Accounts Receivables | 3,345,729 | -2,281,985 | 1,063,744 |
| 7,099,987 | 25,181 | 7,125,168 | Inventories | 6,506,312 | 618,856 | 7,125,168 |
| 542,802 | -20 | 542,782 | Prepaid Expenses | 2,933,932 | -2,391,150 | 542,782 |
| 28,968 | -13,976 | 12,992 | Other Receivables | -2,197 | 15,189 | 12,992 |
| 10,238,425 | -1,490,941 | 8,747,484 | Total Current Assets | 12,870,941 | -4,123,457 | 8,747,484 |
| PROPERTY, PLANT & EQUIPMENT | | | | | | |
| 6,462,631 | 0 | 6,462,631 | Land | 6,462,631 | 0 | 6,462,631 |
| 37,743,642 | 60,631 | 37,804,273 | Bldgs & Improvements | 38,533,250 | 1,271,023 | 37,804,273 |
| 99,327,274 | 468,684 | 99,795,958 | Equipment - Owned | 94,403,875 | 5,392,083 | 99,795,958 |
| 689,549 | 0 | 689,549 | Equipment - Capital Leases | 689,549 | 0 | 689,549 |
| 140,753 | -140,753 | | Construction In Progress | 510,199 | -510,199 | |
| 144,363,849 | 388,562 | 144,752,411 | Gross PP&E | 138,599,504 | 6,152,907 | 144,752,411 |
| -106,402,108 | -403,860 | -106,805,968 | Less Accumulated Depreciation | -101,981,663 | -4,824,305 | -106,805,968 |
| 37,961,741 | -15,296 | 37,946,443 | Net PP&E | 36,617,841 | 1,328,602 | 37,946,443 |
| OTHER ASSETS | | | | | | |
| | | | Investments | | | |
| 0 | 0 | 0 | Notes Receivable | 0 | 0 | 0 |
| 12,199,885 | 0 | 12,199,885 | Intangible Assets - Net | 12,199,885 | 0 | 12,199,885 |
| | | | Investments in Subsidiaries | | | |
| 12,199,885 | 0 | 12,199,885 | Other Assets | | | |
| | | | Total Other Assets | 12,199,885 | 0 | 12,199,885 |
| 60,400,051 | -1,506,239 | 58,893,812 | Grand Total Assets | 61,688,667 | -2,794,855 | 58,893,812 |
| CURRENT LIABILITIES | | | | | | |
| 5,516,870 | -612,499 | 4,904,371 | Accounts Payable | 7,456,333 | -2,551,891 | 4,904,442 |
| 3,952,762 | 298,383 | 4,251,145 | Accrued Salaries | 4,548,628 | -297,483 | 4,251,145 |
| 1,048,283 | 10,129 | 1,058,412 | Accrued Expenses | 1,053,839 | 4,573 | 1,058,412 |
| | | | Accrued Interest | | | |
| 114,171 | 0 | 114,171 | Distributions Payable | | | |
| | | | Curr Port - Long Term Debt | 114,171 | 0 | 114,171 |
| | | | Other Current Liabilities | | | |
| 10,832,086 | -303,987 | 10,328,099 | Income Taxes Payable | | | |
| | | | Total Current Liabilities | 13,172,971 | -2,844,801 | 10,328,170 |
| LONG TERM DEBT | | | | | | |
| 34,753 | 0 | 34,753 | Capitalized Leases | 162,271 | -127,518 | 34,753 |
| -148,502,045 | -5,204,535 | -153,706,580 | Inter/intra Company Debt | -128,758,640 | -26,949,940 | -153,706,580 |
| | | | Other Long Term Debts | | | |
| -148,467,292 | -5,204,535 | -153,671,827 | Total Long Term Debts | -128,596,369 | -27,077,458 | -153,671,827 |
| DEFERRED CREDITS AND OTHER LIAB | | | | | | |
| | | | Professional Liab Risk | | | |
| 102,533 | -1,412 | 101,121 | Deferred Incomes Taxes | | | |
| 102,533 | -1,412 | 101,121 | Long-Term Obligations | 128,795 | -27,675 | 101,121 |
| | | | Total Other Liabilities & Def | 128,795 | -27,675 | 101,121 |
| EQUITY | | | | | | |
| 2,000 | 0 | 2,000 | Common Stock - par value | 2,000 | 0 | 2,000 |
| 6,593,334 | 0 | 6,593,334 | Capital In Excess of par value | 6,593,334 | 0 | 6,593,334 |
| 150,963,317 | 0 | 150,963,317 | Retained Earnings - current yr | 195,541,016 | 0 | 195,541,016 |
| 40,574,073 | 4,003,695 | 44,577,768 | Net Income Current Year | | | |
| | | | Distributions | | | |
| 198,132,724 | 4,003,695 | 202,136,419 | Other Equity | | | |
| | | | Total Equity | 174,981,289 | 27,155,079 | 202,136,368 |
| 60,400,051 | -1,506,239 | 58,893,812 | Total Liabilities and Equity | 61,688,667 | -2,794,855 | 58,893,812 |

Board for Licensing Health Care Facilities



State of Tennessee

DEPARTMENT OF HEALTH

0000000066

No. of Beds 0621

This is to certify, that a license is hereby granted by the State Department of Health to

to conduct and maintain a

PARKRIDGE MEDICAL CENTER, INC.

Hospital

PARKRIDGE MEDICAL CENTER, INC.

Located at

2333 MCCALLIE AVENUE, CHATTANOOGA

County of

HAMILTON

Tennessee

This license shall expire

FEBRUARY 20

2015

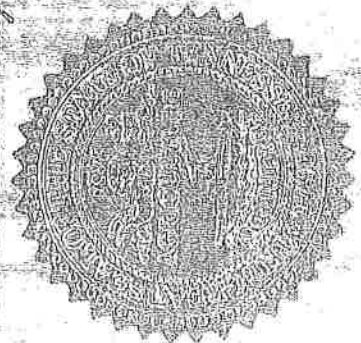
, and is subject

to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.

In Witness Whereof, we have hereunto set our hand and seal of the State this 20TH day of FEBRUARY, 2014.

GENERAL HOSPITAL
PEDIATRIC BASIC HOSPITAL

In the District Category(ies) of:



By

James J. Davis, MPH

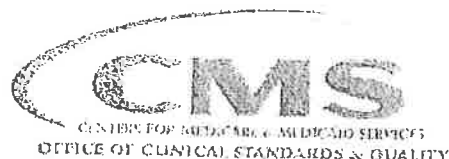
DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

By

John J. Dyke

COMMISSIONER

Department of Health & Human Services
Centers for Medicare & Medicaid Services
61 Forsyth Street, SW, Suite 4T20
Atlanta, Georgia 30303-8909
Ref: Parkridge Medical Center 44-0156



Important Notice, Read Carefully

Darrell Moore
Administrator
Parkridge Medical Center
2333 McCallie Ave
Chattanooga, TN 37404

RE: CMS Certification Number (CCN) 44-0156 – (Validation Survey)

Dear Mr. Moore:

Based on a report by the Tennessee State Survey Agency we are pleased to inform you that as a result of the validation survey, conducted July 7 – 9, 2014, Parkridge Medical Center was found to be in compliance with all Medicare Conditions of Participation; and, will continue to be “deemed” to meet applicable Medicare requirements based upon accreditation by The Joint Commission.

Enclosed is a listing of the standard level deficiencies found by the Tennessee State Survey Agency. Since your hospital has been found in compliance, you are not required to submit a plan for correcting the Medicare deficiencies. However, under Federal disclosure rules, a copy of the findings of this Medicare survey may be publicly disclosed within 90 days of the completion. Also, correcting the k-tags as well as the A-tags are important tasks that you should complete. Therefore, you may wish to submit a plan of correction to the Tennessee State Survey Agency for public disclosure.

We have forwarded a copy of this letter and the findings from this survey to The Joint Commission for its review. The Joint Commission may contact you to discuss the Medicare survey findings. We thank you for your cooperation and look forward to working with you on a continuing basis in the administration of the Medicare program. If you have questions, please contact Rosemary L. Robinson at (404) 562-7405.

Sincerely,

Sandra M. Pace
Associate Regional Administrator
Division of Survey and Certification

Cc: State Agency
The Joint Commission

July 23, 2014

Darrell Moore
President/CEO
Parkridge Medical Center, Inc.
2333 McCallie Avenue
Chattanooga, TN 37404

Joint Commission ID #: 7815
Program: Hospital Accreditation
Accreditation Activity: 60-day Evidence of
Standards Compliance
Accreditation Activity Completed: 07/17/2014

Dear Mr. Moore:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high-quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

The Joint Commission is granting your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

- Comprehensive Accreditation Manual for Hospitals

This accreditation cycle is effective beginning May 17, 2014. The Joint Commission reserves the right to shorten or lengthen the duration of the cycle; however, the certificate and cycle are customarily valid for up to 36 months.

Please visit Quality Check® on The Joint Commission web site for updated information related to your accreditation decision.

We encourage you to share this accreditation decision with your organization's appropriate staff, leadership, and governing body. You may also want to inform the Centers for Medicare and Medicaid Services (CMS), state or regional regulatory services, and the public you serve of your organization's accreditation decision.

Please be assured that The Joint Commission will keep the report confidential, except as required by law. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,



Mark G. Pelletier, RN, MS

Chief Operating Officer

Division of Accreditation and Certification Operations



July 23, 2014

Re: # 7815
CCN: #440156
Program: Hospital
Accreditation Expiration Date: May 17, 2017

Darrell Moore
President/CEO
Parkridge Medical Center, Inc.
2333 McCallie Avenue
Chattanooga, Tennessee 37404

Dear Mr. Moore:

This letter confirms that your May 13, 2014 - May 16, 2014 unannounced full resurvey was conducted for the purposes of assessing compliance with the Medicare conditions for hospitals through The Joint Commission's deemed status survey process.

Based upon the submission of your evidence of standards compliance on June 30, 2014 and July 15, 2014, The Joint Commission is granting your organization an accreditation decision of Accredited with an effective date of May 17, 2014.

The Joint Commission is also recommending your organization for continued Medicare certification effective May 17, 2014. Please note that the Centers for Medicare and Medicaid Services (CMS) Regional Office (RO) makes the final determination regarding your Medicare participation and the effective date of participation in accordance with the regulations at 42 CFR 489.13. Your organization is encouraged to share a copy of this Medicare recommendation letter with your State Survey Agency.

This recommendation applies to the following location(s):

Grandview Medical Center
d/b/a Parkridge Medical Center, Inc.
1000 Highway 28, Jasper, TN, 37347

Intensive Outpatient Program
d/b/a Parkridge Medical Center, Inc.
2775 Executive Park, Cleveland, TN, 37311

Parkridge East Hospital
d/b/a Parkridge Medical Center, Inc.
941 Spring Creek Road, Chattanooga, TN, 37412

Headquarters
One Renaissance Boulevard
Oakbrook Terrace, IL 60181
630 792 5000 Voice



The Joint Commission

Parkridge Medical Center
d/b/a Parkridge Medical Center, Inc.
2333 McCallie Avenue, Chattanooga, TN, 37404

Parkridge Sleep Disorders Center
d/b/a Parkridge Medical Center, Inc.
2205 McCallie Avenue, Chattanooga, TN, 37404

Parkridge Valley Hospital - Adult and Senior Campus
d/b/a Parkridge Medical Center, Inc.
7351 Courage Way, Chattanooga, TN, 37421

Parkridge Valley Hospital - Child and Adolescent Campus
d/b/a Parkridge Medical Center, Inc.
2200 Morris Hill Road, Chattanooga, TN, 37421

We direct your attention to some important Joint Commission policies. First, your Medicare report is publicly accessible as required by the Joint Commission's agreement with the Centers for Medicare and Medicaid Services. Second, Joint Commission policy requires that you inform us of any changes in the name or ownership of your organization, or health care services you provide.

Sincerely,

Mark G. Pelletier, RN, MS
Chief Operating Officer
Division of Accreditation and Certification Operations

cc: CMS/Central Office/Survey & Certification Group/Division of Acute Care Services
CMS/Regional Office 4 /Survey and Certification Staff

Headquarters
One Renaissance Boulevard
Oakbrook Terrace, IL 60181
630 792 5000 Voice

83
AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF HAMILTON

JIM COLEMAN, JR, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

Jim Coleman, Jr. C.O.O.
SIGNATURE/TITLE

Sworn to and subscribed before me this 24th day of August, 2014 a Notary Public in and for Hamilton County, Tennessee.

Angela B. Chapman
NOTARY PUBLIC

My commission expires 04/30, 2016.
(Month/Day) (Year)



SUPPLEMENTAL

SUPPLEMENTAL RESPONSES**CERTIFICATE OF NEED APPLICATION****FOR****PARKRIDGE MEDICAL CENTER****Acquisition of 3.0 Tesla MRI****Project No. CN1408-035****Hamilton County, Tennessee****August 28, 2014****Contact Person:**

**Jerry W. Taylor, Esq.
Stites & Harbison, PLLC
401 Commerce Street, Suite 800
Nashville, Tennessee 37219
615-782-2228**

1. Section A, Applicant Profile, Item 4 (ownership)

In Section B, page 4 and related attachments of the application (organizational chart), the applicant states that the parent company is affiliated with HCA and a part of the Tri-Star Health System. It appears that the applicant has documented the owner's interest in any other health care institutions in Tennessee as defined in TCA 68-11-1602. It would be helpful to also include a list with the name, address, current status of licensure for each health care institution identified. Of these, please note the hospitals or ODCs, etc. that have existing MRI units (fixed units/mobile units). Please also identify any facilities with pending or outstanding Certificate of Need projects involving MRI services.

The requested information is reflected in the table attached following this response.

| Name of Facility, address, phone | Owner/Administrator info | Licensure info | MRI Services | MRI/CON projects pending |
|---|--|---|---|--------------------------|
| TRISTAR SUMMIT MEDICAL CENTER 5655 FRIST BOULEVARD HERMITAGE, TN 37076 Attn: JEFFREY T. WHITEHORN (615) 316-4902 | Administrator: JEFFREY T. WHITEHORN Owner Information: HCA HEALTH SERVICES OF TENNESSEE, INC. 5655 FRIST BLVD. HERMITAGE, TN 37076 (615) 316-4902 | Facility License Number: 00000033 Status: Licensed Number of Beds: 0188 Date of Last Survey: 09/27/2006 Accreditation Expires: 05/25/2015 Date of Original Licensure: 07/01/1992 Date of Expiration: 04/20/2015 | 1.5 Tesla | n/a |
| TRISTAR STONECREST MEDICAL CENTER 200 STONECREST BOULEVARD SMYRNA, TN 37167 Attn: LOUIS F. CAPUTO, CEO (615) 768-2000 | Administrator: Louis F. Caputo, CEO Owner Information: HCA HEALTH SERVICES OF TENNESSEE, INC. ONE PARK PLAZA NASHVILLE, TN 37203 (615) 344-9551 | Facility License Number: 00000162 Status: Licensed Number of Beds: 0109 Date of Last Survey: 12/06/2006 Accreditation Expires: 04/18/2016 Date of Original Licensure: 11/20/2003 Date of Expiration: 05/01/2015 | 1.5 Tesla | n/a |
| TRISTAR SOUTHERN HILLS MEDICAL CENTER 391 WALLACE ROAD NASHVILLE, TN 37211 Attn: THOMAS H. OZBURN (615) 781-4000 | Administrator: THOMAS H. OZBURN Owner Information: HCA HEALTH SERVICES OF TENNESSEE, INC. 391 WALLACE ROAD NASHVILLE, TN 37211 (615) 781-4000 | Facility License Number: 00000021 Status: Licensed Number of Beds: 0126 Date of Last Survey: 09/06/2006 Accreditation Expires: 06/13/2016 Date of Original Licensure: 07/01/1992 Date of Expiration: 01/01/2015 | 1.5 Tesla | n/a |
| TRISTAR SKYLINE MADISON CAMPUS 500 HOSPITAL DRIVE MADISON, TN 37115 Attn: MICHAEL W. GARFIELD (615) 769-5000 | Administrator: STEVE OTTO Owner Information: HTI MEMORIAL HOSPITAL CORPORATION 3441 DICKERSON PIKE NASHVILLE, TN 37207 (615) 769-2000 | Facility License Number: 00000023 Status: Licensed Date of Last Survey: 09/21/2011 Accreditation Expires: 08/16/2016 Date of Original Licensure: 07/01/1992 Date of Expiration: 07/01/2015 | pscyh facility; no MRI services offered | n/a |
| | This Facility is an Affiliate of: TRISTAR SKYLINE MEDICAL CENTER 3441 DICKERSON PIKE NASHVILLE, TN 37207 | | | |
| TRISTAR SKYLINE MEDICAL CENTER 3441 DICKERSON PIKE NASHVILLE, TN 37207 Attn: STEVE OTTO (615) 769-2000 | Administrator: STEVE OTTO Owner Information: HTI MEMORIAL HOSPITAL CORPORATION 3441 DICKERSON PIKE NASHVILLE, TN 37207 (615) 769-2000 | Facility License Number: 00000023 Status: Licensed Number of Beds: 0385 Date of Last Survey: 09/21/2011 Accreditation Expires: 08/16/2016 Date of Original Licensure: 07/01/1992 Date of Expiration: 07/01/2015 | 1.5 Tesla (2 machines) | n/a |
| TRISTAR HORIZON MEDICAL CENTER 111 HIGHWAY 70 EAST DICKSON, TN 37055 Attn: JOHN A. MARSHALL (615) 446-0446 | Administrator: JOHN A. MARSHALL Owner Information: CENTRAL TENNESSEE HOSPITAL CORPORATION 111 HWY 70 EAST DICKSON, TN 37055 (615) 446-0446 | Facility License Number: 00000029 Status: Licensed Number of Beds: 0157 Date of Last Survey: 06/04/2008 Accreditation Expires: 06/01/2016 Date of Original Licensure: 07/01/1992 Date of Expiration: 05/12/2015 | 1.5 Tesla (2 machines) | n/a |
| TRISTAR PORTLAND ER 105 REDBUD DRIVE PORTLAND, TN 37148 | Administrator: REGINA BARTLETT Owner Information: HENDERSONVILLE HOSPITAL CORPORATION | Facility License Number: 00000135 Status: Licensed Date of Last Survey: 08/28/2008 | 1.5 Tesla (mobile unit) Mobile MRI services provided 1 day a week Alliance Healthcare - Imaging | n/a |

SUPPLEMENTAL - # 1

August 28, 2014 4:40pm

| | | | | |
|--|--|---|---|---|
| EDWARD A. SMITH 615 325-7301 | ONE PARK PLAZA NASHVILLE, TN 37203 (615) 344-9551 | Accreditation Expires: 03/08/2016 Date of Original Licensure: 07/01/1992 Date of Expiration: 09/17/2014 | | |
| | This Facility is an Affiliate of: | | | |
| | TRISTAR HENDERSONVILLE MEDICAL CENTER 355 NEW SHACKLE ISLAND ROAD HENDERSONVILLE, TN 37075 Attn: REGINA BARTLETT (615) 338-1000 | Administrators: REGINA BARTLETT Owner Information: HENDERSONVILLE HOSPITAL CORPORATION ONE PARK PLAZA NASHVILLE, TN 37203 (615) 344-9551 | Facility License Number: 00000135 Status: Licensed Number of Beds: 0148 Date of Last Survey: 08/28/2008 Accreditation Expires: 03/08/2016 Date of Original Licensure: 07/01/1992 Date of Expiration: 09/17/2014 | 1.5 Tesla (2 machines) n/a |
| TRISTAR CENTENNIAL MEDICAL CENTER 2300 PATTERSON STREET NASHVILLE, TN 37203 Attn: HEATHER J. ROHAN, FACHE (615) 342-1000 | Administrators: HEATHER J. ROHAN, FACHE Owner Information: HCA HEALTH SERVICES OF TENNESSEE, INC. ONE PARK PLAZA NASHVILLE, TN 37203 (615) 344-2162 | Status: Licensed Number of Beds: 0657 Date of Last Survey: 06/29/2011 Accreditation Expires: 11/12/2013 Date of Original Licensure: 07/01/1992 Date of Expiration: 09/25/2014 | 1.5 Tesla (2 machines) 3.0 Tesla | n/a |
| TRISTAR ASHLAND CITY MEDICAL CENTER 313 NORTH MAIN STREET ASHLAND CITY, TN 37015 Attn: DARRELL WHITE (615) 792-3030 | Administrators: DARRELL WHITE Owner Information: HCA HEALTH SERVICES OF TENNESSEE, INC. ONE PARK PLAZA NASHVILLE, TN 37203 (615) 344-2162 | Facility License Number: 00000013 Status: Licensed Number of Beds: 0012 Date of Last Survey: 10/18/2010 Accreditation Expires: 11/10/2013 Date of Original Licensure: 07/01/1992 Date of Expiration: 01/01/2015 | 1.5 Tesla (mobile unit) mobile MRI services provided 1 day per week Shared Imaging | n/a |
| GRANDVIEW MEDICAL CENTER 1000 HIGHWAY 28 JASPER, TN 37347 Attn: DARRELL MOORE (423) 837-9500 | Administrators: DARRELL MOORE Owner Information: PARKRIDGE MEDICAL CENTER, INC. 2333 MCCALLIE AVE. CHATTANOOGA, TN 37404 (423) 698-6061 | Facility License Number: 00000066 Status: Licensed Date of Last Survey: 07/09/2014 Accreditation Expires: 06/16/2014 Date of Original Licensure: 07/01/1992 Date of Expiration: 02/20/2015 | 1.0 Tesla | CON application for 3T submitted 8/15/14 |
| | This Facility is an Affiliate of: | | | |
| | PARKRIDGE MEDICAL CENTER, INC. 2333 MCCALLIE AVENUE CHATTANOOGA, TN 37404 | | | |
| PARKRIDGE VALLEY HOSPITAL SATELLITE OF PARKRIDGE MEDICAL CENTER 2200 MORRIS HILL ROAD CHATTANOOGA, TN 37421 Attn: Brennan Francois (423) 894-4220 | Administrators: DARRELL MOORE Owner Information: PARKRIDGE MEDICAL CENTER, INC. 2333 MCCALLIE AVE. CHATTANOOGA, TN 37404 (423) 698-6061 | Facility License Number: 00000066 Status: Licensed Date of Last Survey: 07/09/2014 Accreditation Expires: 06/16/2014 Date of Original Licensure: 07/01/1992 Date of Expiration: 02/20/2015 | psch facility, no MRI services offered | n/a |
| | This Facility is an Affiliate of: | | | |
| | PARKRIDGE MEDICAL CENTER, INC. 2333 MCCALLIE AVENUE | | | |

| | | | | |
|---------------------------------------|-----------------------------------|--|---|-----|
| CHATTANOOGA, TN 37404 | CHATTANOOGA, TN 37404 | Facility License Number: 00000066 | 1.5 Tesla | n/a |
| PARKRIDGE EAST HOSPITAL | Administrator: DARRELL MOORE | Status: Licensed | | |
| AFFILIATE OF PARKRIDGE MEDICAL CENTER | Owner Information: | Date of Last Survey: 07/09/2014 | | |
| 541 SPRING CREEK ROAD | PARKRIDGE MEDICAL CENTER, INC. | Accreditation Expires: 06/16/2014 | | |
| CHATTANOOGA, TN 37412 | 2333 MCCALLIE AVE. | Date of Original Licensure: 07/01/1992 | | |
| Attn: JARRETT MILLSAPS | CHATTANOOGA, TN 37404 | | | |
| (423) 894-7870 | (423) 698-6061 | Date of Expiration: 02/20/2015 | | |
| | This Facility is an Affiliate of: | | | |
| | PARKRIDGE MEDICAL CENTER, INC. | | | |
| | 2333 MCCALLIE AVENUE | | | |
| | CHATTANOOGA, TN 37404 | | | |
| PARKRIDGE VALLEY ADULT SERVICES | Administrator: DARRELL MOORE | Facility License Number: 00000066 | psych facility; no MRI services offered | n/a |
| 7351 COURAGE WAY | Owner Information: | Status: Licensed | | |
| CHATTANOOGA, TN 37421 | PARKRIDGE MEDICAL CENTER, INC. | Date of Last Survey: 07/09/2014 | | |
| Attn: Brennan Francois | 2333 MCCALLIE AVE. | Accreditation Expires: 06/16/2014 | | |
| (423) 894-4220 | CHATTANOOGA, TN 37404 | Date of Original Licensure: 07/01/1992 | | |
| | (423) 698-6061 | Date of Expiration: 02/20/2015 | | |
| | This Facility is an Affiliate of: | | | |
| | PARKRIDGE MEDICAL CENTER, INC. | | | |
| | 2333 MCCALLIE AVENUE | | | |
| | CHATTANOOGA, TN 37404 | | | |
| PARKRIDGE MEDICAL CENTER, INC. | Administrator: DARRELL MOORE | Facility License Number: 00000066 | 1.5 Tesla | n/a |
| 2333 MCCALLIE AVENUE | Owner Information: | Status: Licensed | | |
| CHATTANOOGA, TN 37404 | PARKRIDGE MEDICAL CENTER, INC. | Number of Beds: 0621 | | |
| Attn: DARRELL W. MOORE | 2333 MCCALLIE AVE. | Date of Last Survey: 07/09/2014 | | |
| (423) 698-6061 | CHATTANOOGA, TN 37404 | Accreditation Expires: 06/16/2014 | | |
| | (423) 698-6061 | Date of Original Licensure: 07/01/1992 | | |
| | | Date of Expiration: 02/20/2015 | | |

2. Section B, Project Description, Item II.A

Please provide a general description of the existing space dedicated to the hospital's MRI unit (size, location, access by patients, floor, etc.). What attributes does the existing MRI unit have that account for the decision to dedicate it to use by hospital inpatients? In your response, please also describe the proximity to the new 1,202 square foot area of space to be renovated if the project is approved.

Since use by outpatients accounted for approximately 1,150 of 2,060 MRI scans in 2013, how will the proposed new area for the 3.0 Tesla unit be an improvement or enhancement from the current MRI location?

The existing MRI unit (1.5T) is located in the Imaging Department on the 2nd floor of the facility. The room is 550 square feet in dimension and is located approximately 120 feet from the main patient elevator. There is a small waiting room adjacent to the Imaging Department; however, this waiting area is also used for other outpatient imaging patients (nuclear imaging, ultrasounds, etc.) Outpatients needing an MRI must visit Pre-Registration on the 1st floor to complete paper work then, using the patient elevator, travel to the 2nd floor waiting area. Inpatients requiring MRI's don't need to visit Pre-Registration as they are transported directly to the Imaging Department on the 2nd floor via stretcher. By having the 3T machine on the 1st floor, outpatients will benefit from the direct access to imaging services. This patient population often experiences difficulty with ambulation. Reducing the distance required to reach the point of service is an improvement in access to care.

3. Section B, Project Description, Item II.C

The need for the higher image resolution 3.0 Tesla unit to perform spine & neuro cases is noted.

Please provide an estimate of referrals by specialty to the applicant's MRI service during the first year of operation:

| Specialty | # MRI Referrals |
|--|------------------------|
| Family Practice | 120 |
| Internal Medicine | 319 |
| Pediatrics | 2 |
| OB/GYN | 5 |
| Orthopedics | 1862 |
| General Surg | 23 |
| Radiology | 0 |
| Neurology | 133 |
| Neurosurgery | 15 |
| Podiatry | 0 |
| Oncology | 0 |
| Cardiology | 15 |
| Urology | 8 |
| <u>Other all remaining specialties</u> | 562 |
| TOTAL | 3064 |

4. Section B, Project Description, Item II.E. 3

It appears that the applicant intends to purchase the unit absent any indication the vendor quote or any equipment lease entries in the Project Cost Chart & Projected Data Chart. Please confirm.

Yes, the equipment will be purchased.

Please be advised that the equipment quote expired on June 27, 2014. As such, an addendum or updated quote from the equipment vendor will be necessary such that the offer will be in effect on the date that the application will be heard by HSDA (November 2014 at earliest).

An updated quote from G.E. Health, effective through November 24, 2014 is attached following this response.

August 28, 2014

2:40pm

Quotation Number: PR1-C32294 V 1

Parkridge Medical Center
2333 McCallie Ave
Chattanooga TN 37404-3258

Attn: Keith Davis
2333 McCallie Ave Chattanooga
TN 37404-3258

Date: 08-26-2014

This Agreement (as defined below) is by and between the Customer and the GE Healthcare business ("GE Healthcare"), each as identified herein. GE Healthcare agrees to provide and Customer agrees to pay for the Products listed in this GE Healthcare Quotation ("Quotation"). "Agreement" is defined as this Quotation and the terms and conditions set forth in either (i) the Governing Agreement identified below or (ii) if no Governing Agreement is identified, the following documents:

1) This Quotation that identifies the Product offerings purchased or licensed by Customer;

2) The following documents, as applicable, if attached to this Quotation: (i) GE Healthcare Warranty(ies); (ii) GE Healthcare Additional Terms and Conditions; (iii) GE Healthcare Product Terms and Conditions; and (iv) GE Healthcare General Terms and Conditions.

In the event of conflict among the foregoing items, the order of precedence is as listed above.

This Quotation is subject to withdrawal by GE Healthcare at any time before acceptance. Customer accepts by signing and returning this Quotation or by otherwise providing evidence of acceptance satisfactory to GE Healthcare. Upon acceptance, this Quotation and the related terms and conditions listed above (or the Governing Agreement, if any) shall constitute the complete and final agreement of the parties relating to the Products identified in this Quotation. The parties agree that they have not relied on any oral or written terms, conditions, representations or warranties outside those expressly stated or incorporated by reference in this Agreement in making their decisions to enter into this Agreement. No agreement or understanding, oral or written, in any way purporting to modify this Agreement, whether contained in Customer's purchase order or shipping release forms, or elsewhere, shall be binding unless hereafter agreed to in writing by authorized representatives of both parties. Each party objects to any terms inconsistent with this Agreement proposed by either party unless agreed to in writing and signed by authorized representatives of both parties, and neither the subsequent lack of objection to any such terms, nor the delivery of the Products, shall constitute an agreement by either party to any such terms.

By signing below, each party certifies that it has not made any handwritten modifications, Manual changes or mark-ups on this Agreement (except signatures in the signature blocks and an indication in the form of payment section below) will be void.

- | | |
|------------------------------|---------------------------------|
| • Terms of Delivery: | FOB Destination |
| • Quotation Expiration Date: | 11-24-2014 |
| • Billing Terms: | 80% delivery / 20% Installation |
| • Payment Terms: | NET 30 |
| • Governing Agreement: | HCA American Group |

Each party has caused this agreement to be signed by an authorized representative on the date set forth below. Please submit purchase orders to GE Healthcare

Please submit Purchase Orders to: General Electric Company, GE Healthcare, 3000 N. Grandview Blvd., Mail Code WT-897, Waukesha, WI 53188

GE HEALTHCARE

J McNatt

08-26-2014

Product Sales Specialist

CUSTOMER

Authorized Customer Date

Print Name and Title

PO #

Desired Equipment First Use Date

GE Healthcare will use reasonable efforts to meet Customer's desired equipment first use date. The actual delivery date will be mutually agreed upon by the parties.

INDICATE FORM OF PAYMENT:

If "GE HFS Loan" or "GE HFS Lease" is NOT selected at the time of signature, then you may NOT elect to seek financing with GE Healthcare Financial Services (GE HFS) to fund this arrangement after shipment.

____ Cash/Third Party Loan

____ GE HFS Lease

____ GE HFS Loan

____ Third Party Lease (please identify financing company) _____

Quotation Number: PR1-C32294 V 1

| Item No. | Qty | Catalog No. | Description | Contract Price | Discount | Ext Sell Price |
|--|-----|-------------|--|----------------|----------|----------------|
| NOTES: <ul style="list-style-type: none"> Customer is responsible for rigging and arranging for installation with a certified electrician ITEM IS NON-RETURNABLE AND NON-REFUNDABLE | | | | | | |
| 20 | 1 | E8803BE | Physician's Chair with Padded Arms Physician's chair has padded arms for comfort and comes in a charcoal gray color that blends with any environment. Chair adjusts from 16.75 in. to 21 in. (42.5 cm x 53.3cm) and is only for use in the MR Control Room. Weighs 45 lbs. | \$899.00 | 23.00% | \$692.23 |
| 21 | 1 | E8823JB | MR Dielectric Pad Set-Includes 1 Neck Pad and 1 Abdomen Pad These soft and flexible dielectric pads are used to suppress shading artifacts that can sometimes be encountered at higher 3.0T field strengths, and especially when imaging in the cervical spine and abdomen and pelvis. Covered with a patient friendly outer cover, the neck pad is placed inside the coil, and under the patient's neck, while the abdomen pad is placed over the patient's abdomen or pelvis and under the front portion of the torso array coil. | \$1,050.00 | 23.00% | \$808.50 |
| 22 | 1 | | Rigging magnet from truck to MRI room. | \$8,000.00 | 0.00% | \$8,000.00 |

Quote Summary:**Total Contract List Price:****\$4,485,687.00**

Quotation Number: PR1-C32294 V 1

| Item No. | Qty | Catalog No. | Description | Contract Price | Discount | Ext Sell Price |
|--|-----|-------------|-------------|----------------|----------|-------------------------|
| Total Discount: (62.92%) | | | | | | (\$2,822,192.22) |
| Total Extended Selling Price: | | | | | | \$1,663,494.78 |
| Total Quote Net Selling Price | | | | | | \$1,663,494.78 |
| (Quoted prices do not reflect state and local taxes if applicable. Total Net Selling Price Includes Trade In allowance, if applicable.) | | | | | | |

5. Section B, Project Description, Item III and IV

Item III (Plot Plan)

It would be helpful to have a map or the equivalent showing the major bus routes and traffic corridors relative to the applicant facility.

A map of the bus route for CARTA (Chattanooga Area Rapid Transit Authority) is attached following this response.

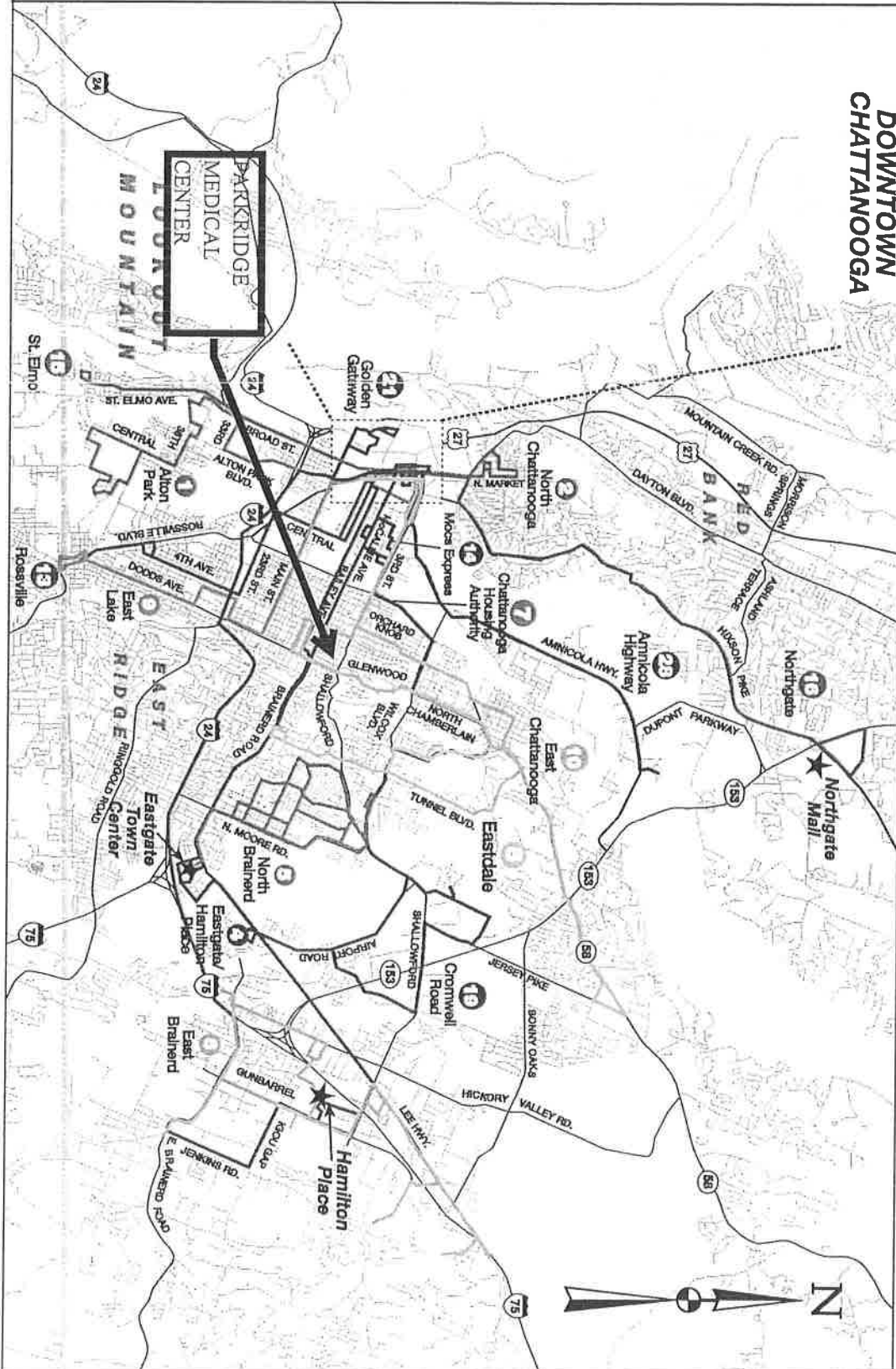
Item IV (Floor Plan)

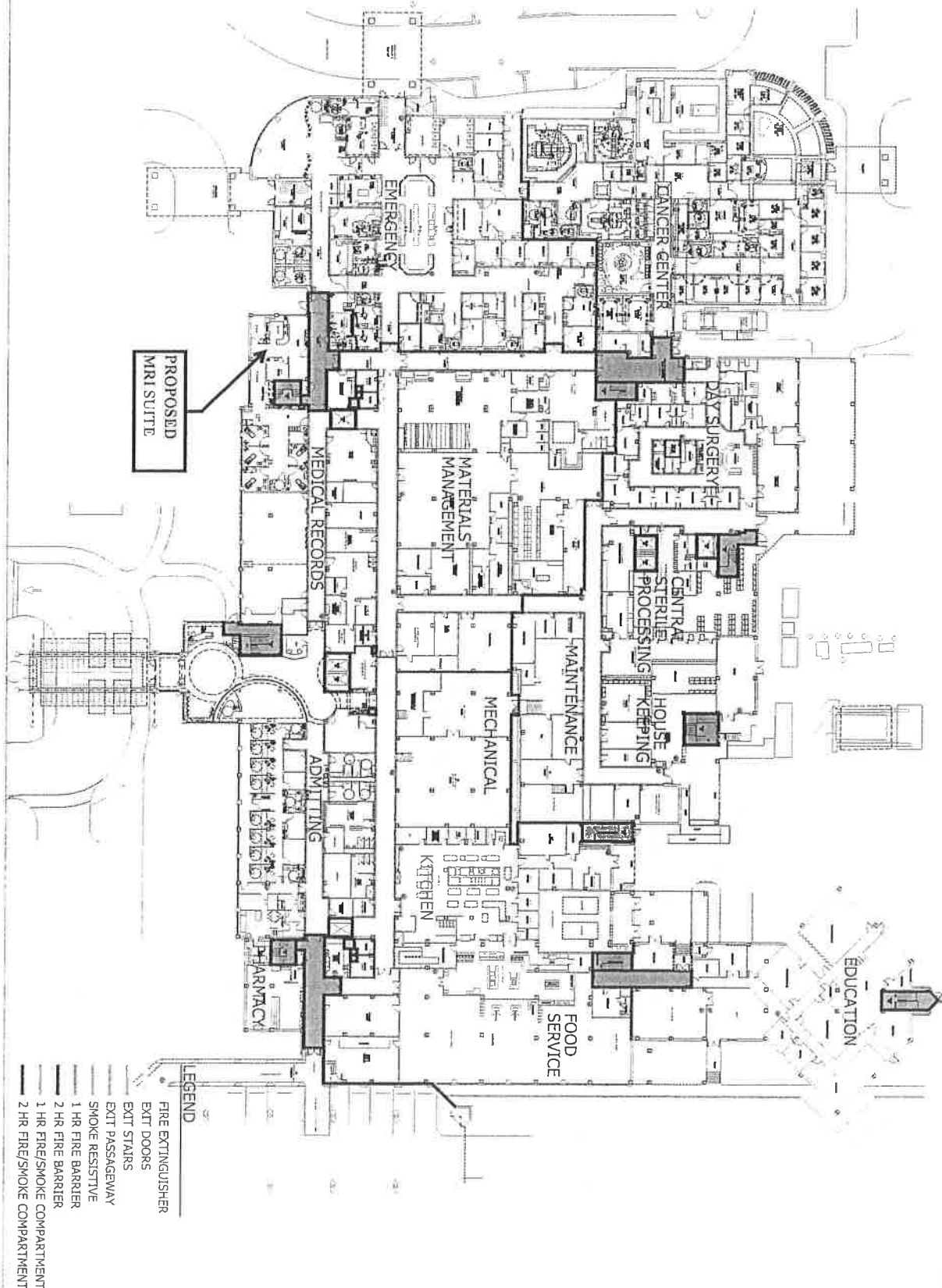
Please include the existing MRI suite in the floor plan, showing its location relative to the 1,202 SF renovated area that will be used for the proposed 3.0T unit.

The existing MRI unit is on the second floor, and the proposed MRUI unit will be on the first floor. Floor plans for each floor with the MRI locations noted are attached following this response.

CARTA ROUTES

- 10 Alton Park
- 12 North Chattanooga
- 14 Eastgate/Hamilton Place
- 15 North Brainerd
- 16 East Brainerd
- 17 Chattanooga Housing Authority
- 18 Eastdale
- 19 East Lake
- 20 East Chattanooga
- 22 Rossville
- 24 Mocs Express
- 25 St. Elmo
- 26 Northgate
- 28 Cromwell Road
- 30 Golden Gateway
- 32 Annicola Highway





FIRST FLOOR PLAN

JUNE 30, 2006

DRAWING NOT
TO SCALE
 Parkridge Medical Center


HINSON
MILLER
KICKIRILLO
ARCHITECTS PLLC



6. Section C. Need Item 1. (Project Specific Criteria – MRI and State Health Plan)

MRI Project Specific Criteria – The project involves the acquisition of major medical equipment at a cost of \$2 million or more and will add additional MRI capacity/inventory to the 6-county primary service area. Accordingly, please provide responses to the criteria and standards for MRI. A copy of same is found in Exhibit I at the end of this questionnaire.

Responses to these Criteria are attached following this response.

**Magnetic Resonance Imaging
Standards and Criteria**

1. Utilization Standards for non-Specialty MRI Units.

- a. An applicant proposing a new non-Specialty stationary MRI unit should project a minimum of at least 2160 MRI procedures in the first year of service, building to a minimum of 2520 procedures per year by the second year of service, and building to a minimum of 2800 procedures per year by the third year of service and for every year thereafter.**

This criterion is more relevant in regard to a new service provider than to the addition of a second unit by an existing hospital provider. Applying this to the current application would have the result of requiring Parkridge to wait until its current MRI was performing at least 5,040 scans before it would meet this criteria for a second unit (the 80% capacity in Guideline 4 -- 2,880 scans -- plus the 2,160 first year volume of this Guideline). This would be almost impossible for any provider to meet: it would require 2.5 MRI scans every hour, operating normal hours of 8 hours per day, 5 days per week, 50 weeks per year. Even operating the MRI for the extended hours in Guideline 4 (12 hours per day, 6 days per week, 50 weeks per year) the utilization would be 1.4 MRIs every hour. This exceeds the presumed capacity of 1.2 scans per hour (and the need threshold is only 80% of that). This would put a huge strain on equipment and other resources. Requiring that amount of "pent-up demand" before being allowed to acquire a second unit is unreasonable under the circumstances.

- b. Providers proposing a new non-Specialty mobile MRI unit should project a minimum of at least 360 mobile MRI procedures in the first year of service per day of operation per week, building to an annual minimum of 420 procedures per day of operation per week by the second year of service, and building to a minimum of 480 procedures per day of operation per week by the third year of service and for every year thereafter.**

N/A.

- c. An exception to the standard number of procedures may occur as new or improved technology and equipment or new diagnostic applications for MRI units are developed. An applicant must demonstrate that the proposed unit offers a unique and necessary technology for the provision of health care services in the Service Area.**

If and to the extent Guideline 1 (a) is relevant to this application, this application should be considered an "exception" for the reasons stated in above response. The term "new technology" is not defined, but the 3.0 Tesla MRI is a higher strength magnet than the unit currently operated by Parkridge. The higher field strength is necessary for the performance of higher resolution scans needed for spine and neuro cases, as explained elsewhere in the application.

- d. Mobile MRI units shall not be subject to the need standard in paragraph 1b if fewer than 150 days of service per year are provided at a given location. However, the applicant must demonstrate that existing services in the applicant's geographical area are not adequate and/or that there are special circumstances that require these additional services.

N/A.

2. **Access to MRI Units.** All applicants for any proposed new MRI Unit should document that the proposed location is accessible to approximately 75% of the service area's population. Applications that include non-Tennessee counties in their proposed service areas should provide evidence of the number of existing MRI units that service the non-Tennessee counties and the impact on MRI unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity (if that data are available).

All of Parkridge's services are available to all patients in the service area. Of course, the patients presumably must meet 3rd party payor requirements, but the applicant has no way of determining what percentage of the population has insurance coverage that would include Parkridge's MRI service.

To the best of the applicant's knowledge, the only MRI units in Catoosa and Walker Counties, Georgia, are:

Hutcheson Radiology MRI (magnet strength unknown)
100 Gross Crescent Circle
Fort Oglethorpe, Catoosa County, GA 30742

Battlefield Imaging (1.5 Tesla)
4700 Battlefield Parkway Suite 100
Ringgold, Catoosa County, GA 30736

The applicant was unable to find any publicly available utilization data for these MRI units.

3. **Economic Efficiencies.** All applicants for any proposed new MRI Unit should document that alternate shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

This criterion appears directed at a new service provider and not the addition of a second unit by an existing hospital provider. It is not practical or reasonable to require a hospital to investigate sharing services with a different provider in order to acquire a second MRI unit to meet its patients' needs.

4. **Need Standard for non-Specialty MRI Units.**

A need likely exists for one additional non-Specialty MRI unit in a Service Area when the combined average utilization of existing MRI service providers is at or above 80% of the total capacity of 3600 procedures, or 2880 procedures, during the most recent twelve-month period reflected in the provider medical equipment report maintained by the HSDA. The total capacity per MRI unit is based upon the following formula:

Stationary MRI Units: 1.20 procedures per hour x twelve hours per day x 6 days per week x 50 weeks per year = 3,600 procedures per year

This criterion is more relevant in regard to a new service provider than to the addition of a second unit by an existing hospital provider. Parkridge is seeking a second MRI to serve its own patients, and is not attempting to take market share from other providers. This MRI will allow Parkridge to re-capture some of the cases that have "leaked" to other providers, but those are cases being referred mostly by physicians in Parkridge's employed physician group, who are referring the cases out because Parkridge does not have a 3.0 Tesla MRI. Re-capturing these cases should not be considered cannibalization of those providers who may have temporarily benefitted from Parkridge's MRI equipment deficiencies.

From the information provided by the HSDA staff from the Medical Equipment Registry it appear the average number of MRI scans per unit in the Tennessee service area in 2013 was 2,060.

Mobile MRI Units: Twelve (12) procedures per day x days per week in operation x 50 weeks per year. For each day of operation per week, the optimal efficiency is 480 procedures per year, or 80 percent of the total capacity of 600 procedures per year.

N/A.

5. Need Standards for Specialty MRI Units.

Criterion 5 is not applicable to this application, as the proposed unit is not a "specialty" unit.

- a. Dedicated fixed or mobile Breast MRI Unit. An applicant proposing to acquire a dedicated fixed or mobile breast MRI unit shall demonstrate that annual utilization of the proposed MRI unit in the third year of operation is projected to be at least 1,600 MRI procedures (.80 times the total capacity of 1 procedure per hour times 40 hours per week times 50 weeks per year), and that:

1. It has an existing and ongoing working relationship with a breast-imaging radiologist or radiology proactive group that has experience interpreting breast images provided by mammography, ultrasound, and MRI unit equipment, and that is trained to interpret images produced by an MRI unit configured exclusively for mammographic studies;
2. Its existing mammography equipment, breast ultrasound equipment, and the proposed dedicated breast MRI unit is in compliance with the federal Mammography Quality Standards Act;

3. It is part of an existing healthcare system that provides comprehensive cancer care, including radiation oncology, medical oncology, surgical oncology and an established breast cancer treatment program that is based in the proposed service area.
4. It has an existing relationship with an established collaborative team for the treatment of breast cancer that includes radiologists, pathologists, radiation oncologists, hematologist/oncologists, surgeons, obstetricians/gynecologists, and primary care providers.
- b. Dedicated fixed or mobile Extremity MRI Unit. An applicant proposing to institute a Dedicated fixed or mobile Extremity MRI Unit shall provide documentation of the total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of MRI procedures the unit is capable of performing each hour. The applicant shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total capacity.
- c. Dedicated fixed or mobile Multi-position MRI Unit. An applicant proposing to institute a Dedicated fixed or mobile Multi-position MRI Unit shall provide documentation of the total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of MRI procedures the unit is capable of performing each hour. The applicant shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total capacity.
6. Separate Inventories for Specialty MRI Units and non-Specialty MRI Units. Breast, Extremity, and Multi-position MRI Units shall not be counted in the inventory of non-Specialty fixed or mobile MRI Units, and an inventory for each category of Specialty MRI Unit shall be counted and maintained separately. None of the Specialty MRI Units may be replaced with non-Specialty MRI fixed or mobile MRI Units and a Certificate of Need granted for any of these Specialty MRI Units shall have included on its face a statement to that effect. A non-Specialty fixed or mobile MRI Unit for which a CON is granted for Specialty MRI Unit purpose use-only shall be counted in the specific Specialty MRI Unit inventory and shall also have stated on the face of its Certificate of Need that it may not be used for non-Specialty MRI purposes.

N/A.
7. Patient Safety and Quality of Care. The applicant shall provide evidence that any proposed MRI Unit is safe and effective for its proposed use.

The proposed MRI unit is certified by the FDA and is operated in accordance with all applicable guidelines and criteria. It is safe and effective for its proposed use.

- a. The United States Food and Drug Administration (FDA) must certify the proposed MRI Unit for clinical use.**

A copy of the FDA approval letter is Attachment B, II, E,(2) to the application.

- b. The applicant should demonstrate that the proposed MRI Procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.**

Please see the letter from Matthew E. Kennedy, AIA, the project architect, which is Attachment C, II, Economic Feasibility, 1 to the application. Although he does not specifically say the physical environment will comply with the manufacturer's specifications, that will assuredly be a requirement of the architects and contractors engagements by Parkridge. Installation of the MRI unit will be performed by G.E. Healthcare, which will install it in accordance with its own specifications.

- c. The applicant should demonstrate how emergencies within the MRI Unit facility will be managed in conformity with accepted medical practice.**

A copy of Parkridge Medical Center's emergency evacuation plan is attached at the end of the responses to these Guidelines. These policies and procedures apply to all areas of the hospital. There are no separate policies just for the MRI/imaging department.

- d. The applicant should establish protocols that assure that all MRI Procedures performed are medically necessary and will not unnecessarily duplicate other services.**

Parkridge Medical Center has had such procedures in place for many years. Once a patient is scheduled for an imaging study, the Central Scheduling staff review the list daily to "work" the outstanding MRI's. For carriers that allow MRI pre-certifications hospital staff contacts the physician offices and request medical records to establish medical necessity, and this information is provided to the carriers to obtain the authorization. For carriers that don't allow pre-certifications, Parkridge relies on the referring physician offices to obtain the precertification. If authorization is obtained, the scan is postponed until medical necessity has been established and the authorization has been obtained.

- e. An applicant proposing to acquire any MRI Unit, including Dedicated Breast and Extremity MRI Units, shall demonstrate that:**

1. All applicants shall commit to obtain accreditation from the Joint Commission, the American College of Radiology, or a comparable accreditation authority for MRI within two years following operation of the proposed MRI Unit.

Parkridge Medical Center is accredited by the Joint Commission. Documentation of that was submitted with the original application.

Parkridge Medical Center's MRI service is accredited by the American College of Radiology. A copy of the certificate is attached at the end of the responses to the Guidelines.

2. All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.

This criterion does not appear to be applicable to this application. Parkridge Medical Center has a 27/7 Emergency Department on the same campus where the proposed MRI will be located.

- 8. The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.**

The applicant assures it will do so.

- 9. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:**

- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;**

According to the Health Resources and Services Administration website, all or a portion of each county in the service area are designated as Medically Underserved Areas. Parkridge does not rely upon the MUA designations as a justification of its need for the second MRI unit.

- b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program; or**

N/A.

- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program.**

Parkridge contracts with all TennCare MCOs in the region.

POLICY AND PROCEDURE

| | |
|--|--|
| TITLE: Evacuation Plan | Policy: LS-POL/PRO-11.013.002 |
| DEPARTMENT/SCOPE: Organizational Wide | PAGE: 1 of 3 |
| ORIGINATION DATE: 1/11 | AUTHOR: Emergency Preparedness Committee |
| REVISED DATE: 8/2012 | REVIEWED DATE: |
| COMMITTEE APPROVAL: Clinical Strategy 2/11, 9/2012; Provision of Care 3/11, 9/2012; MEC 3/11, 9/2012; BOG 3/11, 9/2012 | |
| REPLACES ALL PREVIOUS POLICIES AND PROCEDURES | |

SCOPE:

Organizational Wide

PURPOSE:

Patient relocation and evacuation can be inherently dangerous to patients and staff, and is to be undertaken only when conditions of the environment cannot support care, treatment, and services. During emergencies, patients could be relocated to adjacent compartments or areas of safety. If determined by the Incident Commander and / or the Fire Department, patients could be evacuated from the building to an adjacent building or moved to an alternate care site for patient care and safety.

The Evacuation Plan describes the overall procedures followed by the Parkridge Medical Center, Inc. staff in response to an emergency requiring the evacuation of patients (and their medical record), staff, and visitors, and their return to the facility after the emergency is resolved. The evacuation in response to an emergency, from preparation through initiation, completion, and recovery, utilizes the Parkridge Medical Center, Inc. Emergency Operations Plan (EOP).

Definitions:**Types of Evacuation:**

Horizontal Evacuation or Relocation: The actions taken to move patients from the immediate area of the emergency to an area of safety or an adjacent smoke compartment on the same floor. Staff in the area may implement this relocation, if conditions are severe enough.

Vertical Evacuation: The actions taken to move patients from one floor to another floor for safety. Only the Incident Commander or designee should determine this relocation.

Building Evacuation: This type evacuation involves removal of all persons from a hospital building and requires a plan for its implementation. Evacuation should only be done by direction of the Incident Commander and / or the Fire Department. This would encompass moving all patients to an alternate care site.

Levels of Evacuation:

Level 1: The evacuation of a specific floor or wing to a designated location. This can include both horizontally or vertically for the preservation of the patients, visitors, and staff. Horizontal evacuation will be to the area designated by the authority having jurisdiction.

Level 2: The evacuation of an entire building or section of a building to an alternate care site.

Level 3: The evacuation of an entire Parkridge Medical Center, Inc facility buildings or campus

| | | |
|--------------------------------------|-------------------------------|-----------------|
| DEPARTMENT: Organizational Wide | POLICY: LS-POL/PRO-11.013.001 | August 28, 2014 |
| POLICY TITLE: Evacuation Plan | | |
| PAGE: 2 of 3 | | |

2:40pm

to other alternate care site(s) or locations.

POLICY:

Initiation of the Plan:

The Incident Commander is administratively responsible for the Evacuation Plan. Department directors will determine the appropriate procedures required to minimize the impact of the evacuation on their department and will communicate this information to the hospital's Incident Command Center.

To facilitate the orderly initiation of the response to an emergency requiring an evacuation, the following steps need to be taken:

1. Information is received by Parkridge Medical Center, Inc. impacting patient care capabilities. This includes, but is not limited to:
 - an external emergency facing the community
 - an internal emergency involving the function of the hospital
 - any situation where the facility is no longer able to provide patient care and treatment.

This information will be passed directly to the Incident Commander.
2. The information evaluated includes issues such as location of the incident (internal or external) requiring an evacuation, the distance from the effected facility if an external event, the scope of the incident (single individual, mass casualty, malicious attack, etc), and weather conditions (seasonal and current).
3. The Incident Commander will evaluate the information concerning this emergency and determine if the initiation of the Evacuation Plan is applicable.
4. If deemed necessary, the Incident Commander will initiate the Evacuation Plan, the EOP, and / or the appropriate Emergency Response Plan. The evacuation route and congregation areas will be determined and communicate by the Incident Commander.
5. If the Incident Command Center has not been opened, the Incident Commander will open the ICC to direct the evacuation process. The steps for opening the Incident Command Center follow HICS format and are found in the EOP.

Evacuation Process:

1. The evacuation process will vary based on different types and levels of evacuation. Special considerations will be given to vulnerable populations. The procedure for evacuating isolation patients will be overseen by the Infection Control Practitioner.
2. In the event of an evacuation, patient transfers will be done by any means possible. This includes, but is not limited to: ambulation, wheelchair, crutches, stretcher, bed, paraslyde, etc. Blanket drags, multi-person carries, and utilization of equipment not necessarily used for transportation are not expected to be used, but may be utilized based on the situation.
3. An assessment of each patient should be conducted to determine the medical and transport equipment to continue the care of the patient during the evacuation and at alternate care or receiving sites.
4. Move patients with their medical records, medications, and necessary medical equipment for sustainability (see tracking information below).
5. Department directors will be responsible for specific processes needed to evacuate their unit and each department director or designee will determine the individual responsible

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|--------------------------------------|-------------------------------|-----------------|
| DEPARTMENT: Organizational Wide | POLICY: LS-POL/PRO-11.013.001 | August 28, 2014 |
| POLICY TITLE: Evacuation Plan | | |
| PAGE: 3 of 3 | | |

2:40pm

for ensuring the evacuation is complete. The completion of the evacuation of each unit should be reported to the Incident Command Center as it occurs.

6. The procedures for tracking patients will continue in the same form and method as if in the hospital. A Master Evacuation Tracking Form (HICS 255) will be maintained at all the exit points of the hospital where patients are being transported away from the facility. Each of the forms will be given to the Incident Command Center once they are completed.

Special considerations for the Patient in Seclusion or Restraints - In the event of the need to evacuate the patient in seclusion or restraint, the following will occur:

- **The Charge Nurse** will make an assignment of a staff member to go to the seclusion room and stay outside the door to monitor the patient (provided fire/internal disaster is not in the immediate area). When all patients are evacuated, the Charge Nurse will send a staff member to assist in the safe evacuation of the patient in seclusion or restraints to a designated area.
- **The assigned staff member** will stay outside the seclusion room until another staff member comes to assist in the evacuation (provided fire/internal disaster is not in the immediate area). If the immediate area is involved, the staff members should escort the patient out of the unit.

Following evacuation, the seclusion/restraint patient shall be transported to a seclusion room in another part of the hospital. Staff members should remain with the patient until an announcement for "all clear" is made and the patient is returned to the unit.

Recovery:

1. Prior to patients returning to the facility, each department director or designee should evaluate their unit for readiness. This includes, but is not limited to: cleanliness, safety, availability of supplies, staffing, etc. The Incident Command Center should be notified of any needs and when the unit is ready for occupation.
2. Once the event has terminated, department directors will meet with the Incident Commander and / or the Emergency Preparedness (EP) Committee to discuss opportunities for improvement and how to build on successes.
3. Department directors will educate their staff on processes and equipment specific to their unit as it relates to emergency preparedness. The EP Committee will be available to assist with education of evacuation as needed.
4. The EP Committee will review the use of evacuation equipment periodically. Drills will evaluate the appropriateness of the equipment and address the need for additional or different equipment.



American College of Radiology

Magnetic Resonance Imaging Services of

Parkridge Medical Center

2333 McCallie Avenue
Chattanooga, Tennessee 37404

were surveyed by the
Committee on MRI Accreditation of the
Commission on Quality and Safety

The following magnet was approved

Philips GYROSCAN 1995

For

Head, Spine, Body, MSK, MRA

Accredited from:

January 27, 2012 through January 27, 2015

A handwritten signature in dark ink, appearing to be "Chad R.", written over a horizontal line.

CHAIRMAN, COMMITTEE ON MRI ACCREDITATION

A handwritten signature in dark ink, appearing to be "Michael J. Brown", written over a horizontal line.

PRESIDENT, AMERICAN COLLEGE OF RADIOLOGY

State Health Plan (Economic Efficiencies)

The applicant states that the existing 1.5 Tesla MRI unit is well utilized. With utilization averaging approximately 80% of the MRI standard for non-specialty units, please explain what is meant by well utilized. Additionally, how would 2 units at the projected MRI volumes in Year 1 meet future demand with utilization continuing below the MRI standard? Please clarify.

The existing unit has experienced decreasing utilization since 2013 due to its age and magnet strength. Between 2011-2012, before the loss of the spine and Neuro cases, utilization increased by approximately 7.6%. Had it not been for the loss of the spine and neuro cases, and had growth continued at 7.6% annually, the utilization in 2014 would have been 2,890 scans. This exceeds the 80% threshold of 2,880. The declining utilization is one reason the new unit is needed.

The new unit will help meet future demand because it will allow Parkridge to perform the scans needing a higher magnet strength unit for higher resolution images. It will also help meet future demand because Parkridge has no reason to think its MRI utilization will not continue to grow as it did in the past, once it acquires the needed MRI equipment.

The applicant noted declining MRI utilization and loss of potential cases for spine and neuro cases in other parts of the application. Given an estimated loss of 1,403 scans to other providers during the most recent 12 month period, how does the addition of the proposed MRI contribute to this Principle based on the likelihood of an adverse impact to other providers? Please explain.

Parkridge is seeking a second MRI to serve its own patients, and is not attempting to take market share from other providers. This MRI will allow Parkridge to re-capture some of the cases that have "leaked" to other providers, but those are cases being referred mostly by physicians in Parkridge's employed physician group, who are referring the cases out because Parkridge does not have a 3.0 Tesla MRI. Re-capturing these cases should not be considered cannibalization of those providers who may have temporarily benefitted from Parkridge's MRI equipment deficiencies.

A letter from Richard G. Pearce, M.D., with Spine Surgery Associates is attached following this response.

August 28, 2014

2:40pm



August 26, 2014

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deadrick Street
Nashville, TN 37243

RE: Parkridge Medical Center 3T MRI CON Application

To Whom It May Concern:

Please accept this letter as my request for consideration of the Parkridge Medical Center's application for the 3T MRI.

I am an orthopedic spine surgeon with 23 years of experience working in the Spine Surgery Associates group in Chattanooga, Tennessee. Because I am committed to providing my patients with access to superior surgical care, I perform the majority of my surgeries at Parkridge Health System (unless their health plan dictates otherwise). While the majority of my surgeries are performed at Parkridge, I have routinely referred my diagnostic imaging to other area imaging centers due to the age of the Parkridge equipment.

Patients with conditions related to the spine require enhanced image resolution for proper diagnosis, treatment planning, etc. In addition to the enhanced quality of the studies, there is added convenience for the patient by having their images readily available on the Parkridge system. Otherwise, patients are often required to obtain their images on a CD disk for use in the surgery setting.

Please let me know if there are questions regarding the necessity of this equipment upgrade. I can be reached at 423-756-6623.

Respectfully,

A handwritten signature in black ink, appearing to read "R. Pearce", is written over the printed name.

Richard G. Pearce, M.D.

PAUL A. BROADSTONE, M.D. RICHARD G. PEARCE, M.D. TODD C. BONVALLET, M.D. ALEXANDER G. ROBERTS, M.D.
SHEILA R. HUTCHENS, NP-C NOEL N. LAWSON, NP-C

7. Section C. Need, Item 3 (Service Area)

The 86% admissions volume by residents of the applicant's 6-county primary service area (PSA) is noted.

Based on review of HSDA Equipment Registry records, it appears that Tennessee residents of the PSA accounted for approximately 40,607 MRI scans or 72% of 56,791 total MRI scans performed in 2013 by all MRI providers in the PSA (27 MRI units in use).

What was the use of Parkridge's MRI service by residents of the PSA in 2013? In your response, please show for each county in the PSA. For assistance, please contact Alecia Craighead, Stat III, HSDA. Please also see the attached worksheet with this e-mail to utilize in identifying the metrics requested.

The requested information is attached following this response.

Patient Origin for MRI Scans at Parkridge

| Provider County | Provider Type | Provider | Year | Resident County | Total Procedures | Total Procedures at Parkridge | % at Parkridge from PSA |
|---|---------------|--------------------------|------|-----------------|------------------|-------------------------------|-------------------------|
| Hamilton | HOSP | Parkridge Medical Center | 2013 | Bradley | 68 | | |
| Hamilton | HOSP | Parkridge Medical Center | 2013 | Hamilton | 1209 | | |
| Hamilton | HOSP | Parkridge Medical Center | 2013 | Marion | 110 | | |
| Hamilton | HOSP | Parkridge Medical Center | 2013 | Meigs | 10 | | |
| Hamilton | HOSP | Parkridge Medical Center | 2013 | Rhea | 46 | | |
| Hamilton | HOSP | Parkridge Medical Center | 2013 | Sequatchie | 21 | | |
| Hamilton | HOSP | Parkridge Medical Center | 2013 | Catoosa, GA | 76 | | |
| Hamilton | HOSP | Parkridge Medical Center | 2013 | Walker, GA | 176 | | |
| Total Service Area MRI Cases at Parkridge 2013 | | | | | 1716 | 2054 | 83.5% |

Source: TN Counties Medical Equipment Registry - 8/20/2014; GA Counties Internal Hospital Data

| Provider County | Provider Type | Provider | Year | Resident County | Total Procedures | Total Procedures at Parkridge | % at Parkridge from PSA |
|---|---------------|--------------------------|------|-----------------|------------------|-------------------------------|-------------------------|
| Hamilton | HOSP | Parkridge Medical Center | 2012 | Bradley | 68 | | |
| Hamilton | HOSP | Parkridge Medical Center | 2012 | Hamilton | 1415 | | |
| Hamilton | HOSP | Parkridge Medical Center | 2012 | Marion | 133 | | |
| Hamilton | HOSP | Parkridge Medical Center | 2012 | Meigs | 19 | | |
| Hamilton | HOSP | Parkridge Medical Center | 2012 | Rhea | 45 | | |
| Hamilton | HOSP | Parkridge Medical Center | 2012 | Sequatchie | 44 | | |
| Hamilton | HOSP | Parkridge Medical Center | 2012 | Catoosa, GA | 131 | | |
| Hamilton | HOSP | Parkridge Medical Center | 2012 | Walker, GA | 208 | | |
| Total Service Area MRI Cases at Parkridge 2012 | | | | | 2063 | 2496 | 82.7% |

Source: TN Counties Medical Equipment Registry - 8/20/2014; GA Counties Internal Hospital Data

| Provider County | Provider Type | Provider | Year | Resident County | Total Procedures | Total Procedures at Parkridge | % at Parkridge from PSA |
|---|---------------|--------------------------|------|-----------------|------------------|-------------------------------|-------------------------|
| Hamilton | HOSP | Parkridge Medical Center | 2011 | Bradley | 80 | | |
| Hamilton | HOSP | Parkridge Medical Center | 2011 | Hamilton | 1302 | | |
| Hamilton | HOSP | Parkridge Medical Center | 2011 | Marion | 74 | | |
| Hamilton | HOSP | Parkridge Medical Center | 2011 | Meigs | 14 | | |
| Hamilton | HOSP | Parkridge Medical Center | 2011 | Rhea | 47 | | |
| Hamilton | HOSP | Parkridge Medical Center | 2011 | Sequatchie | 88 | | |
| Hamilton | HOSP | Parkridge Medical Center | 2011 | Catoosa, GA | 105 | | |
| Hamilton | HOSP | Parkridge Medical Center | 2011 | Walker, GA | 182 | | |
| Total Service Area MRI Cases at Parkridge 2011 | | | | | 1892 | 2320 | 81.6% |

Medical Equipment Registry - 8/20/2014

8. Section C, Need, Item 5

As noted, HSDA requests that this information be provided with assistance from HSDA Equipment Registry data for the periods noted in the attachment. Please revise the Table in Attachment C Need, 5 by using MRI utilization for 2013 from the HSDA Equipment Registry and adding a column to show the percentage change by provider from 2011 to 2013 (*see suggested format in Table 1 below*). Please also complete Table 2 showing the use of MRI providers by residents of the 6-county PSA.

The table which was attached as Attachment C, I, Need, 5 has been revised to include 2013 data from the HSDA Equipment Registry as requested, and by adding the column as requested. All of the same information as is called for on the suggested format is included, although it is in slightly different order. It is attached following this response.

The requested Table 2, modified as discussed with the HSDA reviewer, is attached following this response.

MRI UTILIZATION IN SERVICE AREA (TENNESSEE COUNTIES)

| County | Type | Provider | 2011 | | 2012 | | 2013 | | % Change '11-'13 |
|----------|-----------|------------------------------------|---------|-------|---------|-------|---------|-------|---------------------|
| | | | # Units | Scans | # Units | Scans | # Units | Scans | |
| Bradley | PO | Cleveland Imaging | (1) | 668 | (1) | 2769 | (1) | 3509 | 425.3% |
| Bradley | HOSP | Skyridge Medical Center | (1) | 2584 | (1) | 2499 | (1) | 2302 | -10.9% |
| Bradley | HOSP | Skyridge Medical Center - Westside | (2) | 3214 | (2) | 2493 | (2) | 1818 | -43.4% |
| Hamilton | PO | Chattanooga Bone & Joint Surgeons | (1) | 1119 | (1) | 1021 | (1) | 841 | -24.8% |
| Hamilton | ODC | Chattanooga Imaging Downtown | (2) | 2044 | (2) | 2035 | (2) | 1540 | -24.7% |
| Hamilton | RPO | Chattanooga Imaging East | (2) | 4552 | (1) | 2850 | (1) | 2822 | -38.0% |
| Hamilton | RPO | Chattanooga Imaging Hixson | (1) | 2117 | (1) | 2230 | (1) | 2386 | 12.7% |
| Hamilton | PO | Chattanooga Orthopaedic Group PC | (1) | 5698 | (1) | 5332 | (1) | 5340 | -6.3% |
| Hamilton | ODC | Chattanooga Outpatient Center | (1) | 6045 | (1) | 6465 | (2) | 7292 | 20.6% |
| Hamilton | H-Imaging | Erlanger East Imaging | (1) | 1275 | (1) | 704 | (1) | 568 | -55.5% |
| Hamilton | HOSP | Erlanger Medical Center | (3) | 10730 | (3) | 10915 | (3) | 11558 | 7.7% |
| Hamilton | HOSP | Memorial Hixson Hospital | (2) | 4048 | (2) | 2836 | (2) | 2488 | -38.5% |
| Hamilton | HOSP | Memorial Hospital | (3) | 8211 | (3) | 4096 | (3) | 4356 | -46.9% |
| Hamilton | H-Imaging | Memorial Oglethaw Imaging Center | (1) | 1286 | (1) | 1050 | (1) | 1049 | -18.4% |
| Hamilton | PO | Neurosurgical Group of Chattanooga | (1) | 1388 | (1) | 1405 | (1) | 1198 | -13.7% |
| Hamilton | HOSP | Parkridge East Hospital | (1) | 934 | (1) | 919 | (1) | 1024 | 9.6% |
| Hamilton | HOSP | Parkridge Medical Center | (1) | 2320 | (1) | 2496 | (1) | 2054 | -11.5% |
| Hamilton | RPO | Tennessee Imaging and Vein Center | (1) | 2615 | (1) | 3074 | (1) | 3165 | 21.0% |
| Marion | HOSP | Grandview Medical Center | (1) | 884 | (1) | 953 | (1) | 884 | 0.0% |
| Rhea | HOSP | Rhea Medical Center | (1) | 1289 | (1) | 1530 | (1) | 1481 | 14.9% |
| Totals | | | (28) | 63021 | (27) | 57672 | (28) | 57675 | -8.5% |

"PO" Physician Office; "RPO" Radiologist Physician Office

Source: HSDA Medical Equipment Registry

Table 2 – Use Trend by Residents of PSA, 2011-2013

| Provider Name | County Location | PSA Resident Scans 2011 | PSA Resident Scans 2012 | PSA Resident Scans 2013 | % Change in use by PSA Residents '11-'13 |
|--|-----------------|-------------------------|-------------------------|-------------------------|--|
| Cleveland Imaging | Bradley | 536 | 2143 | 2753 | 413.62% |
| Skyridge Medical Center | Bradley | 2081 | 1990 | 1810 | -13.02% |
| Skyridge Medical Center - Westside | Bradley | 2453 | 1890 | 1303 | -46.88% |
| Chattanooga Bone & Joint Surgeons, PC | Hamilton | 875 | 722 | 601 | -31.31% |
| Chattanooga Imaging Downtown | Hamilton | 1517 | 1280 | 1195 | -21.23% |
| Chattanooga Imaging East | Hamilton | 3438 | 2225 | 2279 | -33.71% |
| Chattanooga Imaging Hixson | Hamilton | 1946 | 2066 | 2236 | 14.90% |
| Chattanooga Orthopaedic Group PC | Hamilton | 4028 | 3702 | 3768 | -6.45% |
| Chattanooga Outpatient Center (Digital Imaging of North Georgia) | Hamilton | 4376 | 4662 | 5200 | 18.83% |
| Erlanger East Campus | Hamilton | 1019 | 555 | 436 | -57.21% |
| Erlanger Medical Center | Hamilton | 6665 | 6027 | 7242 | 8.66% |
| Memorial Hixson Hospital | Hamilton | 3791 | 2697 | 2376 | -37.33% |
| Memorial Hospital | Hamilton | 5643 | 2898 | 3069 | -45.61% |
| Memorial Ooltewah Imaging Center | Hamilton | 1175 | 956 | 983 | -16.34% |
| Neurosurgical Group of Chattanooga, P.C. | Hamilton | 913 | 889 | 881 | -3.50% |
| Parkridge East Hospital | Hamilton | 501 | 487 | 540 | 7.78% |
| Parkridge Medical Center | Hamilton | 1605 | 1724 | 1464 | -8.79% |
| Tennessee Imaging and Vein Center | Hamilton | 2009 | 2295 | 2471 | 23.00% |
| Parkridge West Hospital | Marion | 0 | 0 | 0 | 0.00% |
| Rhea Medical Center | Rhea | 0 | 0 | 0 | 0.00% |
| Total-PSA provider use by PSA residents | | 44571 | 39208 | 40,607 | |
| Use of all TN providers by PSA residents | | 46533 | 41531 | 42,870 | |
| Use of PSA providers as a % of total | | 95.78% | 94.41% | 94.72% | |
| Total PSA provider MRI Scans | | 63021 | 57672 | 57,675 | |
| % Provider Dependence on PSA residents | | 70.72% | 67.98% | 70.41% | |
| Total PSA provider MRI Scans (minus Parkridge West Hospital and Rhea Medical Center) | | 60848 | 55189 | 55,310 | |
| % Provider Dependence on PSA residents (minus Parkridge West Hospital and Rhea Medical Center) | | 73.25% | 71.04% | 73.42% | |

Note: Parkridge West Hospital (Marion) and Rhea Medical Center (Rhea) are not able to report by county of residence.

A key point in the projections for the new 3.0 T unit relates to recapturing approximately 1,052 cases needing higher resolution imaging in Year 1 as described on page 10 of the application. Which providers currently have the higher imaging resolution MRI unit capacity in the PSA and what was their utilization for the most recent period? In your response, please include the name, address, type of provider, distance in miles and driving time between the hospital and these providers. *Note: as a suggestion, the applicant can simply highlight the providers in the preceding tables to identify their utilization.*

Memorial Health Care System Inc.
2525 Desales Avenue
Chattanooga , TN 37404
Hospital
0.9 miles; 3 minutes

Memorial Ooltewah Imaging
6401 Mountain View Rd #105
Ooltewah, TN 37363
Hospital Imaging Center
16.4 miles; 20 minutes

Chattanooga Outpatient Center
1301 McCallie Ave
Chattanooga , TN 37404
0.9 miles; 2 minutes

The utilization for these providers is reflected and highlighted in Table 2, attached following the response to the first part of Question 8.

9. Section C, Need, Item 6

The methodology is noted. As the applicant is aware, the ideal MRI utilization standard is 2,880 scans per year (after 3rd year of acquisition). Review of the applicant's 2013 Joint Annual Report revealed 910 inpatient and 1,150 outpatient MRI scans for a total of 2,060 MRI scans in 2013. Please complete the following table to show a breakout of projected utilization with a comparison to the MRI standard.

| MRI unit | Inpatient Scans | Outpatient scans | Total | As a % of 2,880 MRI standard |
|----------------------|-----------------|------------------|-------|------------------------------|
| Existing 1.5T 2013 | 910 | 1,150 | 2,060 | 71.5% |
| Existing 1.5T Year 1 | 423 | 534 | 957 | 33.2% |
| New 3.0 T Year 1 | 931 | 1176 | 2107 | 73.2% |

Please summarize the strategies being implemented by PMC other than the proposed addition of a new MRI unit that might help reach the treatment standard at some point within 3 years following project completion in October, 2016.

Parkridge Medical Center continues to add to the existing primary care base which will increase the number of studies ordered. Additionally, Parkridge hired a Sales Specialist who will provide support to physicians and schedulers utilizing imaging services at our facilities. Sales support includes customer service and provider education (e.g., advantages and benefits of the services, general updates related to Managed Care/TennCare medical necessity requirements, hours of service, etc).

10. Section C, Economic Feasibility Item 1 (Project Costs Chart)

The following definition regarding major medical equipment cost in Tennessee Health Services and Development Agency Rule 0720-9-.01 (13)(b) states " The cost of major medical equipment includes all costs, expenditures, charges, fees, and assessments which are reasonably necessary to put the equipment into use for the purposes for which the equipment was intended. Such costs specifically include, but are not necessarily limited to the following: (1) maintenance agreements, covering the expected useful life of the equipment; (2) federal, state, and local taxes and other government assessments and (3) installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding."

Of the items listed in the breakout of the medical equipment cost on page, please identify the amount for installation (item 3 above) such that the total identified in page 11, Section B (\$2,391,180) is understood.

The cost break-down for the equipment cost of \$2,391,180 is reflected on the second page of the Project Cost Chart, on page 20 of the application. This includes all of the costs required to be included by the referenced Rule.

The installation costs (not including physical plant renovation and in-wall shielding) is included in the equipment price quote. (An updated quote is attached following the response to Question 4). It is on page 37/44 and is identified as "Rigging."

11. Section C, Economic Feasibility, Item 2 (Funding Sources)

The funding from cash reserves is noted. Review of the August 14, 2014 letter from the hospital CFO stated that funding will be provided from an allocation by HCA. However, review of the Balance Sheet for the hospital provided in the attachments revealed \$87,165 available from cash & cash equivalents and no amount for marketable securities. Further, the hospital's Current Ratio appears to point to a potential problem with funding this project from cash reserves. Please clarify the source and amount(s) available to support the project. In your response, you may want to include a balance sheet from HCA since the parent company is named as the source of funding in lieu of the hospital.

The allocation would be from the Tri Star Division of HCA. A Balance Sheet for the Tri Star Division is attached following this response.

12. Section C, Economic Feasibility, Item 4. (Projected Data Chart) and Item 5

Your responses are noted.

Financial Statements - Balance Sheet

August 28, 2014

2:40pm

| Month | | | Year to Date | | | |
|--|-------------|----------------|---------------------------------|----------------|-------------|----------------|
| Begin | Change | Ending | Begin | Change | Ending | |
| CURRENT ASSETS | | | | | | |
| 1,047,234 | -281,553 | 765,681 | Cash & Cash Equivalents | 454,235 | 311,446 | 765,681 |
| MARKETABLE SECURITIES | | | | | | |
| PATIENT ACCOUNTS RECEIVABLES | | | | | | |
| 738,637,891 | 9,545,073 | 748,182,964 | Patient Receivables | 689,048,299 | 59,134,665 | 748,182,964 |
| -3,717,697 | -71,405 | -3,789,102 | Less Allow for Govt Receivables | -3,610,673 | -178,429 | -3,789,102 |
| -410,840,894 | -13,954,413 | -424,795,307 | Less Allow - Bad Debt | -355,654,269 | -69,141,038 | -424,795,307 |
| 324,079,300 | -4,480,745 | 319,598,555 | Net Patient Receivables | 329,783,357 | -10,184,802 | 319,598,555 |
| FINAL SETTLEMENTS | | | | | | |
| -4,311,728 | -481,486 | -4,793,214 | Due to/from Govt Programs | -11,218,255 | 6,425,041 | -4,793,214 |
| -4,311,728 | -481,486 | -4,793,214 | Allowances Due Govt Programs | | | |
| | | | Net Final Settlements | -11,218,255 | 6,425,041 | -4,793,214 |
| 319,767,572 | -4,962,231 | 314,805,341 | Net Accounts Receivables | 318,565,102 | -3,759,761 | 314,805,341 |
| 75,497,880 | 1,695,005 | 77,192,885 | Inventories | 75,683,734 | 1,509,151 | 77,192,885 |
| 9,316,057 | -446,888 | 8,869,169 | Prepaid Expenses | 7,167,729 | 1,701,440 | 8,869,169 |
| 3,986,474 | 2,070 | 3,988,544 | Other Receivables | 5,399,686 | -1,411,142 | 3,988,544 |
| 409,615,217 | -3,993,597 | 405,621,620 | Total Current Assets | 407,270,486 | -1,648,866 | 405,621,620 |
| PROPERTY, PLANT & EQUIPMENT | | | | | | |
| 129,196,091 | 56,991 | 129,253,082 | Land | 122,143,430 | 7,109,652 | 129,253,082 |
| 867,710,977 | -464,897 | 867,246,080 | Bldgs & Improvements | 865,853,415 | 1,392,665 | 867,246,080 |
| 1,321,001,406 | -2,374,241 | 1,318,627,165 | Equipment - Owned | 1,290,838,727 | 27,788,438 | 1,318,627,165 |
| 30,695,725 | 1,295,371 | 31,991,096 | Equipment - Capital Leases | 25,094,874 | 6,896,222 | 31,991,096 |
| 8,948,161 | 2,341,504 | 11,289,665 | Construction in Progress | 8,393,108 | 2,896,557 | 11,289,665 |
| 2,357,552,360 | 854,728 | 2,358,407,088 | Gross PP&E | 2,312,323,554 | 46,083,534 | 2,358,407,088 |
| -1,410,586,804 | -7,242,628 | -1,417,829,432 | Less Accumulated Depreciation | -1,379,372,418 | -38,457,014 | -1,417,829,432 |
| 946,965,556 | -6,387,900 | 940,577,656 | Net PP&E | 932,951,136 | 7,626,520 | 940,577,656 |
| OTHER ASSETS | | | | | | |
| 1,414,255 | -43,753 | 1,370,502 | Investments | 1,418,244 | -47,742 | 1,370,502 |
| 20,401 | -151 | 20,250 | Notes Receivable | 20,700 | -450 | 20,250 |
| 169,649,845 | -1,902 | 169,647,943 | Intangible Assets - Net | 169,661,256 | -13,313 | 169,647,943 |
| 441,706,927 | -357,641 | 441,349,286 | Investments in Subsidiaries | 443,461,637 | -2,112,351 | 441,349,286 |
| -1,351,998 | 21,512 | -1,330,486 | Other Assets | 264,965 | -1,595,451 | -1,330,486 |
| 611,439,430 | -381,935 | 611,057,495 | Total Other Assets | 614,826,802 | -3,769,307 | 611,057,495 |
| 1,968,020,203 | -10,763,432 | 1,957,256,771 | Grand Total Assets | 1,955,048,424 | 2,208,347 | 1,957,256,771 |
| CURRENT LIABILITIES | | | | | | |
| 70,849,399 | -6,212,860 | 64,636,539 | Accounts Payable | 60,709,384 | 3,927,155 | 64,636,539 |
| 71,536,019 | 8,014,709 | 79,550,728 | Accrued Salaries | 72,559,216 | 6,991,512 | 79,550,728 |
| 13,397,816 | 2,197,104 | 15,594,920 | Accrued Expenses | 17,742,179 | -2,147,259 | 15,594,920 |
| 12,726 | -218 | 12,508 | Accrued Interest | 13,967 | -1,459 | 12,508 |
| 5,523,782 | 250,201 | 5,773,983 | Distributions Payable | | | |
| 6,171,531 | 873,981 | 7,045,512 | Curr Port - Long Term Debt | 4,667,751 | 1,106,232 | 5,773,983 |
| -78,330 | 0 | -78,330 | Other Current Liabilities | 10,166,232 | -3,120,720 | 7,045,512 |
| 167,412,943 | 5,122,917 | 172,535,860 | Income Taxes Payable | | -78,330 | -78,330 |
| | | | Total Current Liabilities | 165,858,729 | 6,677,131 | 172,535,860 |
| LONG TERM DEBT | | | | | | |
| 26,158,013 | 528,655 | 26,686,668 | Capitalized Leases | 22,224,729 | 4,461,939 | 26,686,668 |
| -915,080,102 | -44,122,401 | -959,202,503 | Inter/Intra Company Debt | -892,350,833 | -66,851,670 | -959,202,503 |
| 25,639,750 | -111,094 | 25,528,656 | Other Long Term Debts | 25,978,447 | -449,791 | 25,528,656 |
| -863,282,339 | -43,704,840 | -906,987,179 | Total Long Term Debts | -844,147,657 | -62,839,522 | -906,987,179 |
| DEFERRED CREDITS AND OTHER LIAB | | | | | | |
| | | | Professional Liab Risk | | | |
| 7,221,929 | 270,649 | 7,492,578 | Deferred Incomes Taxes | | | |
| 7,221,929 | 270,649 | 7,492,578 | Long-Term Obligations | 6,929,245 | 563,333 | 7,492,578 |
| | | | Total Other Liabilities & Def | 6,929,245 | 563,333 | 7,492,578 |
| EQUITY | | | | | | |
| 33,250 | 0 | 33,250 | Common Stock - par value | 33,250 | 0 | 33,250 |
| 1,057,631,058 | -386,144 | 1,057,244,914 | Capital in Excess of par value | 1,061,238,655 | -3,993,741 | 1,057,244,914 |
| 1,482,404,137 | 0 | 1,482,404,137 | Retained Earnings - current yr | 1,565,136,254 | -82,732,117 | 1,482,404,137 |
| 116,599,225 | 27,933,986 | 144,533,211 | Net Income Current Year | | 144,533,211 | 144,533,211 |
| | | | Distributions | | | |
| | | | Other Equity | | | |
| 2,656,667,670 | 27,547,842 | 2,684,215,512 | Total Equity | 2,626,408,107 | 57,807,405 | 2,684,215,512 |
| 1,968,020,203 | -10,763,432 | 1,957,256,771 | Total Liabilities and Equity | 1,955,048,424 | 2,208,347 | 1,957,256,771 |

Financial Statements - Balance Sheet

August 28, 2014
2:40pm

| Month | | | Year to Date | | |
|--|--------------|----------------|----------------|--------------|----------------|
| Begin | Change | Ending | Begin | Change | Ending |
| CURRENT ASSETS | | | | | |
| 4,684,415 | -4,230,180 | 454,235 | | | |
| Cash & Cash Equivalents | | | | | |
| | | | 2,665,398 | -2,211,163 | 454,235 |
| Marketable Securities | | | | | |
| | | | 323 | -323 | |
| PATIENT ACCOUNTS RECEIVABLES | | | | | |
| 666,023,827 | 23,024,472 | 689,048,299 | 660,674,006 | 28,374,293 | 689,048,299 |
| -3,214,772 | -395,901 | -3,610,673 | -2,583,822 | -1,026,851 | -3,610,673 |
| -345,568,891 | -10,085,378 | -355,654,269 | -384,619,284 | 8,965,015 | -355,654,269 |
| 317,240,164 | 12,543,193 | 329,783,357 | 293,470,900 | 36,312,457 | 329,783,357 |
| FINAL SETTLEMENTS | | | | | |
| -13,607,559 | 2,389,304 | -11,218,255 | -10,033,963 | -1,184,292 | -11,218,255 |
| -13,607,559 | 2,389,304 | -11,218,255 | -1,417,703 | 1,417,703 | |
| | | | -11,451,666 | 233,411 | -11,218,255 |
| Net Accounts Receivables | | | | | |
| 303,632,605 | 14,932,497 | 318,565,102 | 282,019,234 | 36,545,868 | 318,565,102 |
| 77,090,793 | -1,407,059 | 75,683,734 | 72,281,702 | 3,402,032 | 75,683,734 |
| 7,364,894 | -197,165 | 7,167,729 | 22,194,465 | -15,026,736 | 7,167,729 |
| 15,345,798 | -9,946,112 | 5,399,686 | 5,073,190 | 326,466 | 5,399,686 |
| 408,118,505 | -848,019 | 407,270,486 | 384,234,312 | 23,036,174 | 407,270,486 |
| PROPERTY, PLANT & EQUIPMENT | | | | | |
| 122,139,761 | 3,669 | 122,143,430 | 100,962,545 | 21,180,885 | 122,143,430 |
| 864,987,924 | 865,491 | 865,853,415 | 841,216,494 | 24,636,921 | 865,853,415 |
| 1,282,554,576 | 8,284,151 | 1,290,838,727 | 1,221,173,920 | 69,664,807 | 1,290,838,727 |
| 24,835,136 | 259,738 | 25,094,874 | 17,836,661 | 7,258,213 | 25,094,874 |
| 8,835,741 | -442,633 | 8,393,108 | 23,954,778 | -15,561,670 | 8,393,108 |
| 2,303,353,138 | 8,970,416 | 2,312,323,554 | 2,205,144,398 | 107,179,156 | 2,312,323,554 |
| -1,372,224,497 | -7,147,921 | -1,379,372,418 | -1,295,961,156 | -83,411,262 | -1,379,372,418 |
| 931,128,641 | 1,822,495 | 932,951,136 | 909,183,242 | 23,767,894 | 932,951,136 |
| OTHER ASSETS | | | | | |
| 1,427,010 | -8,766 | 1,418,244 | 1,414,506 | 3,738 | 1,418,244 |
| 20,700 | 0 | 20,700 | 21,250 | -550 | 20,700 |
| 169,663,158 | -1,902 | 169,661,256 | 169,672,171 | -10,915 | 169,661,256 |
| 443,769,477 | -307,840 | 443,461,637 | 452,144,634 | -8,682,997 | 443,461,637 |
| 182,708 | 82,257 | 264,965 | 264,235 | 730 | 264,965 |
| 615,063,053 | -236,251 | 614,826,802 | 623,516,796 | -8,689,994 | 614,826,802 |
| Grand Total Assets | | | | | |
| 1,954,310,199 | 738,225 | 1,955,048,424 | 1,916,934,350 | 38,114,074 | 1,955,048,424 |
| CURRENT LIABILITIES | | | | | |
| 70,380,719 | -9,671,734 | 60,708,985 | 71,429,098 | -10,719,714 | 60,709,384 |
| 66,684,536 | 5,874,680 | 72,559,216 | 70,710,949 | 1,848,267 | 72,559,216 |
| 18,792,726 | -1,050,547 | 17,742,179 | 17,744,106 | -1,927 | 17,742,179 |
| 14,169 | -202 | 13,967 | 16,271 | -2,304 | 13,967 |
| 4,672,385 | -4,634 | 4,667,751 | 4,110,987 | 556,764 | 4,667,751 |
| 3,216,125 | 6,950,107 | 10,166,232 | 12,953,552 | -2,787,320 | 10,166,232 |
| 163,760,660 | 2,097,670 | 165,858,330 | 176,964,963 | -11,106,234 | 165,858,729 |
| LONG TERM DEBT | | | | | |
| 22,425,632 | -200,903 | 22,224,729 | 20,899,940 | 1,324,789 | 22,224,729 |
| -538,062,335 | -354,288,498 | -892,350,833 | -496,779,209 | -395,571,624 | -892,350,833 |
| 26,090,661 | -112,214 | 25,978,447 | 26,333,324 | -354,877 | 25,978,447 |
| -489,546,042 | -354,601,615 | -844,147,657 | -449,545,945 | -394,601,712 | -844,147,657 |
| DEFERRED CREDITS AND OTHER LIAB | | | | | |
| Professional Liab Risk | | | | | |
| 5,773,718 | 1,155,527 | 6,929,245 | 6,492,060 | 437,185 | 6,929,245 |
| 5,773,718 | 1,155,527 | 6,929,245 | 6,492,060 | 437,185 | 6,929,245 |
| EQUITY | | | | | |
| 33,250 | 0 | 33,250 | 33,250 | 0 | 33,250 |
| 741,284,222 | 319,954,433 | 1,061,238,655 | 753,317,052 | 307,921,603 | 1,061,238,655 |
| 1,317,315,954 | -1,448,603 | 1,315,867,351 | 1,565,136,254 | 0 | 1,565,136,254 |
| 215,688,437 | 33,580,813 | 249,269,250 | | | |
| 2,274,321,863 | 352,086,643 | 2,626,408,506 | 2,183,023,272 | 443,384,835 | 2,626,408,107 |
| 1,954,310,199 | 738,225 | 1,955,048,424 | 1,916,934,350 | 38,114,074 | 1,955,048,424 |
| Total Liabilities and Equity | | | | | |

It appears that the detail for Other Expenses is missing from the application. The template is provided on the HSDA website link to the application instructions. Please add this item to the application and mark as page 24-A.

On the original Projected Data Chart the "Other Expenses" were for repair and maintenance. However, the reviewer's inquiry brought it to the applicant's attention that these costs would be covered under the G.E. warranty for the first 18 months, and would be covered under the maintenance agreement for the last 6 months of Year 2. The annual maintenance agreement cost is \$141,321. So the expense for Line D, 9 is \$0 for Year 1 and \$70,661 for Year 2.

A Revised Projected Data Chart is attached following this response.

REVISED PROJECTED DATA CHART

SUPPLEMENTAL- # 1

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Give information for the two (2) years following completion of this proposal. The fiscal year begins in 1/1/15

| | Year 1 2107 | Year 2 2149 |
|---------------------------------------|----------------|----------------|
| A. Utilization/Occupancy Data (cases) | | |
| B. Revenue from Services to Patients | | |
| 1. Inpatient Services | \$ 4,627,542 | \$ 4,720,093 |
| 2. Outpatient Services | \$ 5,418,660 | \$ 5,527,033 |
| 3. Emergency Services | | |
| 4. Other Operating Revenue (Specify) | | |
| Gross Operating Revenue | \$ 10,046,202 | \$ 10,247,126 |
| C. Deductions from Operating Revenue | | |
| 1. Contractual Adjustments | \$ 7,882,180 | \$ 8,039,824 |
| 2. Provisions for Charity Care | \$ 47,468 | \$ 48,418 |
| 3. Provisions for Bad Debt | \$ 182,660 | \$ 186,313 |
| Total Deductions | \$ 8,112,308 | \$ 8,274,555 |
| NET OPERATING REVENUE | \$ 1,933,894 | \$ 1,972,572 |
| D. Operating Expenses | | |
| 1. Salaries and Wages | \$ 129,866 | \$ 132,464 |
| 2. Physicians' Salaries and Wages | | |
| 3. Supplies | \$ 4,051 | \$ 4,132 |
| 4. Taxes | \$ 9,798 | \$ 9,994 |
| 5. Depreciation | \$ 18,259 | \$ 18,259 |
| 6. Rent | | |
| 7. Interest, other than Capital | | |
| 8. Management Fees: | | |
| a. Fees to Affiliates | | |
| b. Fees to Non-Affiliates | | |
| 9. Other Expenses | \$ - | \$ 70,661 |
| Specify: | | |
| Total Operating Expenses | \$ 161,975 | \$ 235,510 |
| E. Other Revenue (Expenses)--Net | | |
| Specify: | | |
| NET OPERATING INCOME (LOSS) | \$ 1,771,919 | \$ 1,737,062 |
| F. Capital Expenditures | | |
| 1. Retirement of Principal | | |
| 2. Interest | | |
| Total Capital Expenditures | | |
| NET OPERATING INCOME (LOSS) | \$ 1,771,919 | \$ 1,737,062 |
| LESS CAPITAL EXPENDITURES | | |
| NOI LESS CAPITAL EXPENDITURES | \$ 1,771,919 | \$ 1,737,062 |

PROJECTED DATA CHART-OTHER EXPENSES

OTHER EXPENSES CATEGORIES

| | Year____ | Year____ |
|---------------------------|----------|----------|
| 1. Repair and Maintenance | \$0 | \$70,661 |
| 2. | _____ | _____ |
| 3. | _____ | _____ |
| 4. | _____ | _____ |
| 5. | _____ | _____ |
| 6. | _____ | _____ |
| 7. | _____ | _____ |
| Total Other Expenses | \$_____ | \$_____ |

How many scans are included in the projected charity costs of the proposal?

Approximately 63 scans.

Based on review of the Projected Data Chart, it appears that the average gross inpatient charge is approximately \$4,876 per MRI scan compared to a charge of \$2,572 per outpatient MRI scan. What accounts for the difference? For example, are the professional fees for image interpretation by the radiologists excluded for outpatient MRI charges? Please explain.

The Projected Data Chart is for the new MRI only.

Of the 2,107 projected scans on the new MRI, 931 are projected to be inpatient (IP) and 1,176 are projected to be outpatient (OP). (See response to Question 9). Diving the gross IP revenue on the PDC by the projected number of IP scans, the average gross IP charge is \$4,970. Diving the gross OP revenue on the PDC by the projected number of OP scans, the average gross OP charge is \$4,607.

The actual charges for any given procedure are the same for IP and OP. The difference in the average gross charge of \$363 per scan is due to the fact that IP scans have a relatively higher complexity mix.

Radiologists affiliated with Associates in Diagnostic Radiology (an independent physician group) provide radiological services for Parkridge Medical Center. They are not reimbursed by the hospital to provide radiological services.

If reimbursement of the fees is by arrangement between the hospital and the radiologist, please identify the projected expenses for same in Year 1 and Year 2 of the project.

N/A.

13. Section C., Economic Feasibility, Item 11 a.

The response is noted. While the goal to add newer MRI technology in the form of a 3.0T unit with higher resolution images is admirable, it is unclear why the applicant has not considered replacing the existing 1.5T unit with the proposed 3.0 T unit. Factors that seem reasonably relevant include (1) current utilization below the 2,880 MRI standard, (2) increasing inventory in the market and (3) risk of reaching projected utilization that is highly dependent on recapture of lost neuro and spine cases from other MRI providers. Please explain.

While there has been an increase in the MRI inventory in the market, the applicant believe the age and lower magnet strength of the current MRI equipment is the primary reason for lost volume.

As outlined a previous response, having 2 units in the facility will benefit both patient populations (outpatient and inpatient). By locating services on the ground floor of the facility, outpatients will have "storefront" access. For inpatient, the location of the existing unit on the second floor is often more convenient and accessible.

Since the current unit is already paid for, retaining it would not seem to create any problem, even if on paper the average utilization of each is lower than capacity under the Guidelines.

What other key benefits should residents and their attending physicians be aware of in selecting PMC's service in lieu of other MRI sites in the primary service area?

This MRI model offers Silent Scan Technology which improves the patient experience by reducing noise levels. Additionally, "feet first" entry will be used for all exams and will be beneficial for nervous or claustrophobic patients as well as those with large shoulders/chest area. Techniques used (CUBE and IDEAL) will reduce the number of scans thereby reducing total exam time. Additionally, PROPELLER, a motion insensitive technique, eliminates repeat scans due to motion again reducing total exam time.

Also, as referenced in the letter from Dr. Pearce (attached following the response to Question 6), patients will benefit from having the scan conducted at Parkridge because their images will be on the Parkridge computer system, and they will not have to get them on a CD disk and bring them to the physician.

14. Section C., Contribution to Orderly Development, Item 1

Your response is noted. Other than managed care organizations, please list health care providers or organizations the applicant has or plans to have contractual and/or working agreements with.

Parkridge Medical Center has transfer agreements with the following providers:

- Associates in Plastic and Reconstructive Surgery PC
- Center for Oral Surgery
- Chattanooga Pain Management Center LLC
- Diagnostic PET CT of Chattanooga
- Digestive Disorders Endoscopy Center
- Erlanger Health System
- ETHICA Health and Retirement Communities
- Hamilton Medical Center
- HealthSouth of Chattanooga Rehabilitation Hospital
- Life Care Center of Hixson
- Parkridge Valley Mental Health Residential Treatment for Children and Youth
- Physicians Surgery Center of Chattanooga
- SkyRidge Medical Center
- Specialties in Pain Management
- Adventa Hospice
- Amedisys Hospice, an Adventa Company
- Chattanooga Surgery Center
- Coran Specialty Infusion Services
- Dialysis Clinic, DCI
- Hearth Hospice, LLC
- Hospice of Chattanooga
- Memorial Healthcare System
- Redmond Park Hospital, LLC
- State of Georgia, Department of Community Health
- State of Tennessee, Department of Children's Services

- Trinity Hospice Alexian

A list of additional contracts and working arrangements is attached following this response.

**Parkridge Medical Center, Inc.
Referral Source Log**

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| Referral Source/Physician | Contract Number | Facility | Position/Responsibility | Contract Type | Beginning Effective Date | Ending Effective Date |
|---|-----------------|----------|---|---------------|--------------------------|-----------------------|
| American Anesthesiology of Tennessee PC | PRKMC-69475 | PHS | Exclusive Anesthesiology Services | PSA | 11/19/13 | 11/30/16 |
| Anesthesiology Consultants Exchange PC | Not in UPSIDE | GV | Anesthesia | PSA | 10/1/13 | 9/30/16 |
| Appareddy, Vijayalakshmi MD (HOLDOVER) | PRKMC-51956 | PV | Global Fee Agreement | PSA | 4/1/14 | 9/28/14 |
| Ashcraft, Delmon E. MD | PKREH-75718 | PEH | OB Hospitalist | PSA | 3/17/14 | 3/31/16 |
| Associated Pathologists, LLC | Not in UPSIDE | GV | Pathology Services / Medical Director | PSA | 7/1/12 | 12/31/14 |
| Associates in Diagnostic Radiology, P.C. | PRKMC-46906-01 | PHS | Professional Imaging Services - Exclusive Agreement | PSA | 2/1/12 | 1/31/15 |
| Associates in Diagnostic Radiology, P.C. Supplement 1 | PRKMC-56837-01 | PMC | Calcium Scoring Screening (CPT Code 75571) | PSA | 01/03/13 signed 01/14/13 | 12/31/14 |
| Associates in Diagnostic Radiology, P.C. Supplement 1 | PRKMC-70118-01 | PMC | CT Lung Screening (CPT Code - 71250) | PSA | 2/17/14 | 2/16/15 |
| Brown, Thomas W. III, MD | PRKMC-64328 | PHS | Emergency Dept. call coverage for Orthopedics | PSA | 8/1/13 | 7/31/15 |
| Carter, John Eric MD | PRKVH-62147 | PV | Medical Director - RESPOND | PSA | 2/1/13 | 1/31/15 |
| Carter, John Eric MD | PRKVH-56254 | PV | Medical History & Physicals, Medical Consults, On Call CON | PSA | 9/1/12 | 8/31/14 |
| Chandra, Channappa MD | PRKMC-72797 | PHS | ED Ortho Call | PSA | 1/6/14 | 12/31/16 |
| Chattanooga Bone & Joint Surgeons, PC - Supplement 3 | PRKMC-42710-02 | PHS | Emergency Department Call Coverage Services - Specialty of Orthopedic Surgery | PSA | 7/1/14 | 7/31/14 |
| Chattanooga Diagnostic Associates, LLC | PRKMC-66179 | PHS | Medical Director Cardiopulmonary and Critical Care | PSA | 7/8/2013 signed 7/23/13 | 6/30/15 |
| Chattanooga Diagnostic Associates, LLC | PRKMC-72932 | PHS | Pulse Ox Readings (S. Jeong) | PSA | 1/6/14 | 12/31/14 |

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| Referral Source/Physician | Contract Number | Facility | Position/ Responsibility | Contract Type | Beginning Effective Date | Ending Effective Date |
|--|-----------------|----------|--|---------------|-----------------------------|--------------------------|
| Chattanooga Diagnostic Associates, LLC d/b/a Diagnostic Associates | PRKMC-69442 | PHS | Credential Committee Chair (Ryan) | PSA | 1/1/14 | 12/31/14 |
| Chattanooga Diagnostic Associates, LLC d/b/a Diagnostic Center | PRKMC-55473 | PMC | Physician Advisor (Tapp) | PSA | 12/24/12 | 12/31/15 |
| Chattanooga Gastroenterology, PC | PKREH-77256 | PEH | GI Call Coverage (Dr. Richard Sadowitz) | PSA | 7/1/14 | 6/30/16 |
| Chattanooga Orthopedic Group, PC | PRKMC-71081 | PHS | Emergency Department Call Coverage Services - Specialty of Orthopedic Surgery | PSA | 12/25/13 | 12/31/15 |
| Cincere, Brandon MD | PRKMC-72690 | PHS | ED Ortho Call | PSA | 1/6/2014 (signed 1/9/14) | 12/31/15 |
| Collins, Sabrina MD | PKREH-72627 | PEH | OB Hospitalist | PSA | 4/1/14 | 3/31/16 |
| Consultants in Internal Medicine, LLC | PRKVH-72791 | PV | History & Physicals, Medical Consults, Certificate of Need (On Call and Not on Call) | PSA | 2/1/14 | 6/30/16 |
| Diagnostic Cardiology Group | PRKMC-74577 | PHS | EKG Interpretation/ Holter Monitor Read/Echo Read | PSA | 2/20/14 | 2/29/16 |
| Doty Consulting PA | PRKMC-74355 | PHS | ED Ortho Call | PSA | 2/13/14 | 12/31/16 |
| Duff, Siobhan M.D. | PKREH-65359 | PEH | Physician Advisor | PSA | 8/1/13 | 7/31/15 |
| Duke, Adam R MD Supplement 2 | PKREH-56589-02 | PEH | OB Hospitalist | PSA | 12/11/12 | 9/30/14 |
| Emberson, John W. M.D. | PKREH-55975 | PEH | OB Hospitalist | PSA | 12/1/12 | 11/30/14 |
| Ferguson, Kevin R. M.D. | PRKVH-78528 | PV | Medical Director for New Horizons | PSA | 7/1/14 | 6/30/15 |
| Ferguson, Kevin R. M.D. (HOLDOVER) | PRKVH-51980 | PV | Global Fee Agreement | PSA | 4/1/14 | 9/28/14 |
| Focus Psychiatric Services, PC (Susan McGuire, MD) (HOLDOVER) | PRKVH-51982 | PV | Global Fee Agreement | PSA | 6/1/14 | 11/28/14 |
| Focus Psychiatric Services, PC (Susan McGuire, MD) | PRKMC-74086 | PV | Medical Director C&A/RTC Inpatient, Partial and IOP | PSA | 3/1/14 | 2/29/16 |
| Freeman, Mark G. MD | PRKMC-72694-01 | PHS | ED Ortho Call | PSA | 1/20/14 | 12/31/15 |
| Gangavarapu, Sarath MD (HOLDOVER) | Not in UPSIDE | GV | Medical Director | PSA | 6/1/14 | 11/28/14 |
| Golder, Stephen, MD | PRKMC-65873 | PMC | Medical Director Sarah Cannon Cancer Center | PSA | 9/1/2013 signed 9/5/13 | 8/31/15 |
| Gracy, John A MD | PRKMC-65869 | PHS | ED Call Coverage | PSA | 9/1/13 | 8/31/15 |

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Referral Source Log

SUPPLEMENTAL - # 1
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| Referral Source/Physician | Contract Number | Facility | Position/ Responsibility | Contract Type | Beginning Effective Date | Ending Effective Date |
|--|-----------------|----------|--|--|----------------------------------|--------------------------|
| Gregory, Oliver M.D. | PRKVH-50922 | PV | Medical Director New Reflections, New Path, IOP/PHP and Daystar | PSA | 3/29/12 | 12/31/14 |
| Gregory, Oliver M.D. (HOLDOVER) | PRKVH-51983 | PV | Global Fee Agreement | PSA | 4/1/14 | 9/28/14 |
| Harnsberger, D. Scott M.D. | PKREH-71084 | PEH | OB Hospitalist | PSA | 3/1/14 | 2/28/16 |
| Harnsberger, D. Scott M.D. Supplement 2 | PKREH-55925-02 | PEH | Medical Director OB | PSA | 12/11/12 signed 05/03/2013 | 11/30/14 |
| HCA-EmCare Holdings, LLC (Division Contract) | | PHS | Emergency / Hospitalist Coverage | PSA | 12/1/13 | 12/31/16 |
| Hill, Hal M.D. | PRKMC-69118 | PHS | Medical Director Infection Control | PSA | 1/1/14 | 12/31/16 |
| Hina, Holly MD | PKREH-64621 | PEH | OB Hospitalist - Employment Agreement | EA | 5/1/13 | 4/30/15 |
| Internal Medicine Associates of Chattanooga, PLLC (Dr. Naveed Memon) (HOLDOVER) | PRKVH-54401 | PV | Medical History and Physical, Medical Consults, and On Call CON | PSA | 7/1/14 | 12/28/14 |
| Jennings, Mark M.D. (HOLDOVER) | PRKVH-51984 | PV | Global Fee Agreement | PSA | 4/1/14 | 9/28/14 |
| Lanade, Raphael M.D., PLLC | PRKVH-72151 | PV | H&P / Medical Consults / CON Evals / On Call | PSA | 1/1/14 | 6/30/16 |
| Lanham, Gary R. MD | PRKMC-60708 | PHS | Chief of Staff | PSA | 1/1/13 | 12/31/14 |
| Lawson, Tamunosaki (T'Saki), M.D. | PRKMC-74681 | PHS | Medical Director Geriatric Inpatient Program | PSA | 3/1/14 | 2/28/15 |
| Mauroner, Richard M.D. | PRKVH-76890 | PV | Medical Director CIOP / VIOP | PSA | 6/1/2014 (Signed 6/18/14) | 5/31/16 |
| Mauroner, Richard M.D. (HOLDOVER) | PRKVH-51985 | PV | Global Fee Agreement | PSA | 4/1/14 | 9/28/14 |
| MD Total Care, LLC | PKREH-60009 | PEH | Pulmonology Call Coverage | PSA | 12/11/12 | 12/10/14 |
| Midsouth Surgical Associates, PLLC d/b/a Alliance of Cardiac Thoracic and Vascular (ACTV) (HOLDOVER) | Not in UPSIDE | PHS | Data Collection Service Agreement | Data Collection Service Agreement | 7/1/13 | 6/30/14 |
| Munir, Muhammad A MD | PRKMC-71126 | PMC | Medical Director - Acute Rehab | PSA | 11/18/13 | 11/17/15 |
| Operative Monitoring of Southeast Tennessee | | PMC | Intra-operative Monitoring, Monitor sensory evoked potential during surgical procedures | PSA | 11/26/12 | 11/30/14 |

**Parkridge Medical Center, Inc.
Referral Source Log**

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| Referral Source/Physician | Contract Number | Facility | Position/Responsibility | Contract Type | Beginning Effective Date | Ending Effective Date |
|--|-----------------|----------|--|---------------|--------------------------|-----------------------|
| Orthopedic Associates PC d/b/a University Orthopedics | PRKMC-52972 | PHS | Emergency Depart Call Coverage - Specialty of Orthopedic Surgery | PSA | 5/23/12 | 5/31/14 |
| Orthopedic Associates PC d/b/a University Orthopedics (HOLDOVER) | PRKMC-52972 | PHS | Emergency Depart Call Coverage - Specialty of Orthopedic Surgery | PSA | 6/1/14 | 11/28/14 |
| Page, Cari Beth MD | Not in UPSIDE | GV | Hospital Coverage | PSA | 11/23/12 | 11/22/14 |
| Paik, Henry K. M.D. | PKREH-52485 | PEH | GI Call Coverage | PSA | 7/1/12 | 6/30/14 |
| Paik, Henry K. M.D. | PKREH-76481 | PEH | GI Call Coverage | PSA | 7/1/14 | 6/30/16 |
| Phelps, John Y. III, M.D. | PKREH-70111-01 | PEH | OB Hospitalist | PSA | 12/1/13 | 11/30/15 |
| Philippose, Jay M M.D. | PKREH-56892 | PEH | GI Call Coverage | PSA | 1/15/13 | 1/31/15 |
| Pittman, Kenneth G. MD | PRKVH-53931 | PV | Medical History and Physical, Medical Consults, and On Call CON | PSA | 6/11/12 Signed 06/15/12 | 6/30/14 |
| Pittman, Kenneth G. MD (HOLDOVER) | PRKVH-52049 | PV | Global Fee Agreement | PSA | 4/1/14 | 9/28/14 |
| Plaza Radiology, LLC d/b/a Chattanooga Imaging | Not in UPSIDE | PMC | MRI Services | PSA | 1/19/12 | 1/18/15 |
| Plaza Radiology, LLC d/b/a Chattanooga Imaging | Not in UPSIDE | PMC | PET/CT Services to Interpret | PSA | 7/1/12 | 6/30/15 |
| Plaza Urology Group, PC Supplement 1 | PRKMC-77702 | PHS | Market - Urology Call Coverage | PSA | 5/14/2014 (signed 5/30) | 5/31/16 |
| Regional Obstetrical Consultants, P.C. - Supplement 1 | PKREH-69846-01 | PEH | Medical Director / Perinatologist Coverage (call) | PSA | 1/1/14 | 11/14/15 |
| Regional Obstetrical Consultants, P.C. Supplement 3 | PKREH-45805-03 | PEH | Exclusive Provider - NNP | PSA | 11/20/12 | 11/14/15 |
| Regional Obstetrical Consultants, PC - Supplement 1 | PKREH-69848-01 | PEH | New Born Hearing Screening | PSA | 1/1/14 | 11/14/15 |
| Richards, Theodore, M.D. | PRKMC-60507 | PHS | Medical Director Cardiac Services | PSA | 1/1/13 | 12/31/14 |
| Roberts, Matthew DO | PKREH-72285 | PEH | OB Hospitalist | PSA | 12/23/13 | 12/31/14 |
| Rowland, Jack M. M.D. Supplement 1 | PKREH-55973-01 | PEH | OB Hospitalist | PSA | 12/11/12 | 11/30/14 |
| Scenic City Orthopaedics & Sports Medicine, PLLC (HOLDOVER) | PRKMC-49412 | PHS | Emergency Dept. call coverage for Orthopedics | PSA | 5/1/14 | 10/28/14 |
| Simms, Cassandra Goins M.D. (HOLDOVER) | PRKVH-51986 | PV | Global Fee Agreement | PSA | 4/1/14 | 9/28/14 |
| Sledge, Walter MD | Not in UPSIDE | GV | PSA - Stress Test / Treadmill Testing | PSA | 12/1/12 | 11/30/14 |
| Smith, Chadwick Aaron MD | CPKMC-77901 | PHS | ED Call Coverage - Orthopedic | PSA | 7/1/14 | 6/30/15 |

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Referral Source Log

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| Referral Source/Physician | Contract Number | Facility | Position/ Responsibility | Contract Type | Beginning Effective Date | Ending Effective Date |
|--|-----------------|----------|---|---------------------|--------------------------------|--------------------------|
| Smith, Terry M.D. | PRKVH-71940 | PV | H&P/Medical Consults and Patient Evaluations / On Call | PSA | 1/1/14 | 6/30/16 |
| Sommer, Camille Anne | PKREH-77908 | PEH | GI Call Coverage | PSA | 6/1/14 | 5/31/16 |
| Southeast Stone Center, LLC | PRKMC-46389 | PMC | Lithotripsy Services | Rental Agreement | 1/1/12 | 12/31/14 |
| Southern Pathology Associates PC | PRKMC-71155 | PMC | Exclusive Provider / Pathology Services / Autopsy / Technical Comp. | PSA | 12/16/13 | 12/31/15 |
| Southern Pathology Associates PC (Supplement 1) | PRKMC-71155 | PMC | Exclusive Provider / Pathology Services / Autopsy / Technical Comp. | PSA | 6/15/14 | 12/31/15 |
| Spitalny, Neil H., M.D. | PRKMC-64332 | PHS | ED Depart Call Coverage Services - Specialty of Orthopedic Surgery | PSA | 8/1/13 | 7/31/15 |
| TENN-GA II Stone Group | Not in UPSIDE | GV | Lithotripsy | PSA | 3/27/07 | Auto Renewal |
| TENN-GA Stone Group Two | Not in UPSIDE | GV | Urology - Revolix Agreement | PSA | 5/15/09 | Auto Renewal |
| Turner, Sharlinda B. M.D. | PRKVH-72463 | PV | H&P/Medical Consult Physician for Adults, Child and Adolescents | EA | 2/1/14 | 1/31/15 |
| University Surgical Associates, PC | PRKMC-60002 | PHS | Emergency Call Coverage and Surgicalist Services | PSA | 12/24/12 | 12/15/14 |
| University Surgical Associates, PC - Shauna Lorenzo - Rivero MD | PRKMC-55564 | PMC | Medical Director Pelvic Floor Center | PSA | 12/17/12 signed 12/27/12 | 11/30/14 |
| University Surgical Associates, PC - Todd Cockerham, MD | PRKMC-72808 | PHS | Medical Director of Surgical Services | PSA | 2/14/14 | 2/26/16 |
| UT Le Bonheur Pediatric Specialists, Inc. | Not in UPSIDE | PEH | Read and/or provide interpretations of Pediatric Transthoracic Echocardiograms | PSA | 4/2/13 | 4/1/15 |
| Valley Imaging Partners, PC | Not in UPSIDE | GV | Radiology Coverage | PSA | 5/21/08 | 6/30/16 |
| Vaughn Orthopedic and Spine Center | PRKMC-55448 | PHS | ED Depart Call Coverage Services - Specialty of Orthopedic Surgery | PSA | 10/10/12 | 10/9/14 |
| Virani, Subash P MD | PRKVH-72127 | PV | H&P / Medical Consults / CON Evals / On Call | PSA | 1/1/14 | 6/30/16 |
| Viscomi, Vincent MD PC | PRKMC-65147 | PMC | Professional Reading / Interpretation of Pulse Oximetry | PSA | 6/1/13 | 5/31/15 |

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| Referral Source/Physician | Contract Number | Facility | Position/ Responsibility | Contract Type | Beginning Effective Date | Ending Effective Date |
|---------------------------|-----------------|----------|---|---------------|-----------------------------|--------------------------|
| Viscomi, Vincent MD PC | PRKMC-71801 | PMC | Reviewing charts and orders to determine medical appropriateness | PSA | 1/1/14 | 12/31/16 |

15. Section C., Contribution to Orderly Development, Item 3 and Item 4

Item 3

Salaries & Wages are projected at \$129,800 in Year 1. Based on the staffing provided, this may equate to a base salary of approximately \$33,800 per FTE before benefits. Please compare to the prevailing wage patterns in the PSA from documented sources.

As stated in the application, the current and initial staffing is 2 FTE and 1 PRN Technologists. Since the PRN wage is variable, those wages were not included. The \$129,866 in salaries for the 2 positions equates to \$64,933 annually per position.

The median salary for this position as reflected on the Department of Labor and Workforce Development's Occupational Wages website is \$62,160.

If approved, the hospital's new MRI unit may result in a 50% or higher increase in the service's utilization in Year 1. That level of volume would appear to impact staff workloads. Please explain the rationale for not anticipating additional staffing.

The same staffing was in place before the decline in MRI volume. In 2012 the volume was roughly 2,500 scans, and the staff was not stress or used to maximum capacity. Since the decline in volume, no staff has been laid off, they have just either had less hours working or have just not been as busy. So the existing staff should be able to handle the increased case load. As stated in the application, if caseloads get too great, PRN staffing would probably be used, at least initially.

Item 4

With respect to professional staff, please discuss the clinical leadership of the hospital's Radiology with MRI service and provide a CV of the medical director, if applicable. How many and what types of subspecialty physicians participate in the delivery of imaging services to PMC's patients and/or development of new clinical knowledge?

The MRI Department is staffed by radiologists associated with Associates in Diagnostic Radiology. The Medical Director is Thomas M. Carr, M.D. A copy of Dr. Carr's C.V. is attached following this response.

Thomas M. Carr, III, MD (Trey)**Home**

1624 Concord Drive
Charlottesville, VA
22901
H: 434-295-5640
C: 434-981-3098
Email: tmc6w@virginia.edu

Work

Charlottesville Radiology, Ltd
1490 Pantops Mountain Place
Suite 100
Charlottesville, VA 22911
Ph: 434-244-4580
Fax: 434-244-4579

MEDICAL TRAINING

Breast Imaging Fellowship, University of Virginia, Charlottesville, VA
Fellowship in Breast Imaging & Procedures, July 2010-January 2011

Interventional Radiology Fellowship, University of Virginia, Charlottesville, VA
Fellowship in Angiography/Interventional Radiology, July 2009- June 2010

Diagnostic Radiology Residency, University of Virginia, Charlottesville, VA
Diagnostic Radiology Residency, July 2005- June 2009
Chief Resident, April 2007- April 2008

Internship in Internal Medicine, University of Virginia, Charlottesville, VA
Internship with rotations in Acute Cardiology, General Medicine, Hematology and
Oncology, Medical Intensive Care Unit, General Medicine Consults, Neurology,
Gastroenterology, and Emergency Medicine, June 2004-June 2005

EDUCATION

University of Virginia, August 2008-June 2009
GME Office, P.O. Box 800136, Charlottesville, VA 22908
Graduate Certificate in Health Policy, June 2009

University of Tennessee College of Medicine, August 2000-May 2004
910 Madison Avenue, Memphis, TN 38163
Doctor of Medicine, May 2004
High Honors graduate

Washington and Lee University, September 1995-June 1999
204 W. Washington Street, Lexington, VA 24450
Bachelor of Arts in Natural Sciences and Mathematics, 1999
Cum Laude graduate

LICENSURE & CERTIFICATION

United States Medical Licensing Examinations: Passed Steps 1, 2 and 3

Virginia Medical License # 0101238928, Expires 02/28/2012

Diplomate of the American Board of Radiology, June 2009

PROFESSIONAL ACTIVITIES & COMMITTEES

- 2010-Present: Reviewer
American Journal of Neuroradiology
Journal of the American College of Radiology
Journal of Digital Imaging
- 2008-2011: Resident & Fellow Representative, Editorial Board
The Journal of the American College of Radiology
- 2008-2010: Section Editor for Online Clinical Quizzes
Applied Radiology
- 2007-2009: Representative to the Resident & Fellow Section
 ACR Annual Meeting and Chapter Leadership Conference
- 2007-2009: Education Committee
 Department of Radiology, University of Virginia Health System
- 2007-2008: Administrative Chief Resident
 Department of Radiology, University of Virginia Health System
- 2007-2008: J.T. Rutherford Government Relations Fellowship
 American College of Radiology
- 2007-2008: Steering Committee
 American Alliance of Academic Chief Residents in Radiology (A³CR²)
- 2007-2008: A³CR² Representative
 American College of Radiology Intersociety Committee
- 2007-2008: Emerging Technologies Subcommittee
 Society of Interventional Radiology
- 2007-2008: President, Resident and Fellows Section
 Virginia Chapter of the American College of Radiology
- 2007: Radiology Residency Review & Call Restructuring Committee
 Department of Radiology, University of Virginia Health System
- 2007: Residency Program Coordinator Search Committee
 Department of Radiology, University of Virginia Health System
- 2000-2004: Honor Council, Class Representative
 University of Tennessee College of Medicine

HONORS & AWARDS

- Resident Award for Excellence in Clinical Service, 2008-2009
 Diagnostic Radiology Residency Program
 Department of Radiology, University of Virginia

Magna Cum Laude -- "Beyond Galactography: Conventional MR Imaging and Emerging MR Imaging Techniques for Evaluating Intraductal Lesions of the Breast"
RSNA Scientific Assembly and Annual Meeting, 2008

Resident Award for Excellence in Clinical Service, 2007-2008
Diagnostic Radiology Residency Program
Department of Radiology, University of Virginia

Chief Resident Service Award, 2007-2008
Department of Radiology, University of Virginia

Cum Laude -- "Spectrum of Cervical Spine MRI Findings in Trauma Patients with Negative Cervical Spine CT Examinations"
RSNA Scientific Assembly and Annual Meeting, 2007

Excellence in Design -- "Spectrum of Cervical Spine MRI Findings in Trauma Patients with Negative Cervical Spine CT Examinations"
RSNA Scientific Assembly and Annual Meeting, 2007

J.T. Rutherford Government Relations Fellowship, 2007
American College of Radiology

Resident-in-Training Scholarship recipient, 2007
Society of Interventional Radiology

Nominee for the Holt Young Physician Leadership Award, 2007
Southern Medical Association

High Honors Graduate, 2004
University of Tennessee College of Medicine

Alpha Omega Alpha Medical Honor Society Senior Inductee, 2003
University of Tennessee College of Medicine

IMHOTEP Leadership Honor Society, 2003
Univ. of Tennessee College of Medicine

Cum Laude Graduate, 1999
Washington and Lee University

Mid-South Alumni Association Honor Scholarship, 1995-1999
Washington and Lee University

RESEARCH, PUBLICATIONS & PRESENTATIONS

Scientific Research & Presentations

Bernhard MA, Carr TM, Gillis JE, Sabri SS, Angle JF. Large Volume versus Conventional Cone Beam Computed Tomography (CBCT) in Regional Embolization Therapy of Hepatic Neoplasms." Scientific poster presentation at the 3rd Annual International Liver Cancer Association Meeting, 2010.

Choudhri AF, Carr TM, Ho CP, Stone JR, Gay SB, Lambert DL. "Handheld Device Review of Abdominal CT for the Evaluation of Acute Appendicitis." Scientific paper presented at the 95th Scientific Assembly and Annual Meeting of the RSNA, 2009.

Choudhri, AF, Norton PT, Carr TM, Stone JR, Hagspiel KD, Dake MD. "Diagnosis and Treatment Planning of Acute Aortic Emergencies Using a Handheld DICOM Viewer." Scientific paper presented at the 95th Scientific Assembly and Annual Meeting of the RSNA, 2009.

Carr TM, Choudhri AF, Ho CP, Gay SB, Nicholson BT. "The Impact of a Negative Reinforcement Program on Resident Attendance at Educational Conferences." Scientific poster presentation at the 57th Annual Meeting of the Society of University Radiologists, May 2009.

Choudhri AF, Stay RM, Carr TM, Ho CP, Gay SB. "Implementation of a research mentoring program and its impact on resident research participation." Oral Scientific Presentation at the 57th Annual Meeting of the Society of University Radiologists, May 2009.

Choudhri AF, Scheel J, Stay RM, Carr TM, Ho CP, Nicholson BT. "Factors influencing radiology resident research involvement." Oral scientific presentation at the 57th Annual Meeting of the Society of University Radiologists, May 2009.

Carr TM, Choudhri AF, Ho CP, Stay RM, Bassignani MJ. "Validation study of a MDCT imaging protocol utilizing revised attenuation criteria to distinguish benign and malignant lesions." Department of Radiology, University of Virginia Health Systems. Scientific poster presentation at the Annual Meeting of the Society of Uroradiology, March 2009.

Ho CP, Carr TM, Stay RM, Choudhri A, Sarti M. "Right Lower Quadrant Pain in the Pregnant Patient: Is MRI Appropriate?" Department of Radiology, University of Virginia Health Systems. Scientific poster presentation at the Annual Meeting of the Society of Gastrointestinal Radiology, March 2009.

Carr TM, Angle JF. "Covered versus Noncovered Balloon-Expandable Stent Placement for the Treatment of Iliac Artery Disease." Department of Radiology, University of Virginia Health Systems. Electronic scientific presentation at the 94th Scientific Assembly and Annual Meeting of the RSNA, 2008.

Whitehead MT, Carr TM, Stay RM, Lee BB, DeAngelis GA, "Spinal Reconstructions Acquired from Trauma CT Scans of the Body: A Wasted Resource?" Department of Radiology, University of Virginia Health Systems. Electronic scientific presentation at the 94th Scientific Assembly and Annual Meeting of the RSNA, 2008.

Ho CP, Carr TM, Stay RM, Choudhri A, Lambert DL. "CT enterography versus fluoroscopic small bowel follow-through in inflammatory bowel disease: Is CT enterography up to the task?" Department of Radiology, University of Virginia Health Systems. Scientific poster presentation at the Annual Meeting of the Society of Gastrointestinal Radiology, March 2009.

Carr TM, Norton PT, Angle JF, Hagspiel KD. "Catheter-Directed Dosimetry as an Adjunct to SIRT." Department of Radiology, University of Virginia Health Systems. Oral scientific presentation at the Society of Interventional Radiology 33rd Annual Meeting, March 2008.

Carr TM, Norton PT, Angle JF, Hagspiel KD. "Catheter-Directed Volumetry as an Adjunct to SIRT." Department of Radiology, University of Virginia Health Systems. Scientific poster presentation at the International Liver Cancer Association Annual Meeting, October 2007.

Publications

Carr TM, Sabri SS, Turba UC, et al. "Stenting for Atherosclerotic Renal Artery Stenosis." *Techniques in Vascular & Interventional Radiology* 2010.

Choudhri AF, Carr TM, Ho CP, Stone JR, Gay SB, Lambert DL. "Handheld Device Review of Abdominal CT for the Evaluation of Acute Appendicitis." *Journal of Digital Imaging*. Status: Accepted for publication.

Choudhri, AF, Norton PT, Carr TM, Stone JR, Hagspiel KD, Dake MD. "Diagnosis and Treatment Planning of Acute Aortic Emergencies Using a Handheld DICOM Viewer." *J Vasc Intervent Radiol*. Status: In Review.

Choudhri AF, Carr TM, "Who's Trawling Our Waters?" *J Am Coll Radiol* 2008; 5: 528-539.

Naples C, Carr TM, Hagspiel KD. "Vascular Imaging", *Radiology Recall*, 2nd ed. Lippincott, Williams & Wilkins, Philadelphia, 2007.

Other Presentations and Posters

Carr TM, Ho CP, Sizemore AW, Gay SB, Nicholson BT. "A PACS-based Teaching File Based upon the AMSER Curriculum: Making Sure Medical Students Don't Miss Out on Education about Emergent, 'Don't Miss' Radiographic Findings." Educational poster presentation at the 57th Annual Meeting of the Society of University Radiologists, May 2009.

Choudhri AF, Marler JD, Stay RM, Carr TM, Moorman ME, Sarti M. "Making the Grade: How to Assign a DePriest Score to Assess Malignant Potential of Cystic Ovarian Masses." Department of Radiology, University of Virginia Health Systems. Educational Exhibit presented at the 93rd Scientific Assembly and Annual Meeting of the RSNA, 2007.

Carr TM, Obembe OO, Nicholson BT, Cohen MA, Harvey JA. "Beyond Galactography: Conventional MR Imaging and Emerging MR Imaging Techniques for Evaluating Intraductal Lesions of the Breast." Department of Radiology, University of Virginia Health Systems. Educational Exhibit presented at the 94th Scientific Assembly and Annual Meeting of the RSNA, 2008
-- *Magna Cum Laude Award*

Ho CP, Lambert DL, Stay RM, Carr TM, Kaliney RW. "You Swallowed What? Review of Imaging Findings and Therapeutic Management of Esophageal Foreign Bodies." Department of Radiology, University of Virginia Health Systems. Educational Exhibit presented at the 94th Scientific Assembly and Annual Meeting of the RSNA, 2008.

Carr TM, Matsumoto AH. "Pre-Operative Uterine Artery Embolization for Hemorrhage Control in Massive Uterine Fibroids: Experience in Three Cases." Department of Radiology, University of Virginia Health Systems. Electronic poster presentation at the Annual Meeting of the Cardiovascular and Interventional Radiology Society of Europe (CIRSE), September 2008.

Carr TM, Gay SB, Dake MD. "Creating Future Leaders: A Unique Elective Experience for Radiology Residents," Department of Radiology, University of Virginia Health Systems. Poster presentation at the 56th Annual Meeting of the Association of University Radiologists, March 2008.

Carr TM, Choudhri AF. "Currarino Syndrome." Department of Radiology, University of Virginia Health Systems. Oral case presentation at the American Alliance of Academic Chief Residents in Radiology (A³CR³) Film Panel, 56th Annual Meeting of the Association of University Radiologists, March 2008.

Carr TM, Skelton BW, Gaskin CM. "Spectrum of Cervical Spine MRI Findings in Trauma Patients with Negative Cervical Spine CT Examinations." Department of Radiology, University of Virginia Health Systems. Electronic presentation at the 93rd Scientific Assembly and Annual Meeting of the RSNA, 2007.

--*Cum Laude Award*

--*Excellence in Design Award*

Choudhri AF, Stay RM, Carr TM, Ho CP, Marler JD, Keats TE. "It's Not Broken: Distinguishing Normal Variants from Pathology in Cervical Spine Radiographs." Department of Radiology, University of Virginia Health Systems. Educational Exhibit presented at the 93rd Scientific Assembly and Annual Meeting of the RSNA, 2007.

Carr, TM. "Medical Device Malfunction and Reporting." Department of Radiology, Quality Assurance Conference, September 2007.

Carr, TM. "On-Call Fluoroscopy." Department of Radiology, Quality Assurance Conference, January 2007.

Carr, TM. "Ultrasound Imaging of Ovarian Epithelial Neoplasms." Department of Radiology, Resident Conference Series, November 2006.

Carr, TM. "Emergency Chest and Abdominal Radiography." Department of Radiology, First Year Resident Lecture Series, September 2006.

Carr, TM. "Radiography of the Upper Extremity." Department of Radiology, School of Radiography Lecture Series, November 2005.

PROFESSIONAL SOCIETY MEMBERSHIPS

American College of Radiology

Virginia Chapter of the American College of Radiology

Radiological Society of North America

Society of Interventional Radiology

Society of Breast Imaging

Association of University Radiologists

American Alliance of Academic Chief Residents in Radiology

Southern Medical Association

Medical Society of Virginia

American Medical Association

VOLUNTEER ACTIVITIES

University of Tennessee College of Medicine Alumni Council, *Memphis, TN*

Volunteer representing alumni of the College of Medicine residing in the state of Virginia.

Trinity Presbyterian Church, *Charlottesville, VA*

Volunteer assisting in various church ministries, ranging from physical plant upkeep to labor assistance for church members.

Church Health Center, *Memphis, TN*

Volunteer for a clinic which provides no-cost healthcare to the uninsured in the Memphis, TN urban area.

Into The Streets Community Service Project, *Memphis, TN*

Volunteer for city-wide, weekend-long service project focusing on a variety of projects within underserved neighborhoods and communities in Memphis.

Emmanuel Episcopal Center, *Memphis, TN*

Built and started a library for community center serving underprivileged youth within an urban housing development.

Boy Scouts of America, *Memphis, TN*

Provided free yearly physicals for four years to for local Boy Scout troops wishing to attend summer camp.

St. Columba Episcopal Center, *Memphis, TN*

Worked to improve and maintain the grounds of this retreat center serving the Diocese of West Tennessee for the Episcopal Church.

REFERENCES

J. Fritz Angle, M.D.

Professor, Department of Radiology
Division of Interventional Radiology
University of Virginia Health Systems
P.O. Box 800170
Charlottesville, VA 22908
Phone: (434) 924-2992
Fax: (434) 982-0887

Michael D. Dake, M.D.

Professor, Department of Cardiothoracic Surgery
Stanford University School of Medicine
Falk Cardiovascular Research Center
300 Pasteur Drive
Stanford, CA 94305-5407
Phone: (650)725-6407
Fax: (650)725-3846

Spencer B. Gay, M.D.

Department of Radiology
Division of Thoracoabdominal Radiology
University of Virginia Health Systems
P.O. Box 800170
Charlottesville, VA 22908
Phone: (434) 924-9820
Fax: (434) 982-1618

Alan H. Matsumoto, M.D.

Professor & Chairman
Department of Radiology
University of Virginia Health Systems
P.O. Box 800170
Charlottesville, VA 22908
Phone: (434) 924-9279
Fax: (434) 243-2786

Additional references available upon request.

| Tristar Project | | Status |
|---|--|--|
| Summit Medical Center CN1402-004 | | |
| Conversion of existing space to add 8 inpatient medical/surgical beds on the 7th floor of its facility increasing the hospital bed complement from 188 to 196 hospital beds. | | Demolition started this week; this project is expected to complete by 12/1/14. |
| 5/28/2014 7/1/2017 5 \$1,812,402.00 | | |
| Hendersonville Medical Center CN1302-002 | | |
| Construct a new 4th floor of med/surg beds & initiate neonatal intensive care services in new 6-bed Level II-B neonatal nursery on the main campus. Bed complement 148 gen hosp beds (110-main campus & 38-satellite campus)-13 will relocate from sat to main. | | Project approved and funded, staging for the project to begin 10/14 with completion date set for Q316. |
| 6/26/2013 8/1/2015 5 \$32,255,000.00 | | |
| Skyline Medical Center (Madison Campus) CN1110-040 | | |
| Expansion of adolescent (ages 13 to 17) inpatient psychiatric bed unit by 11 beds, from 10 to 21 beds at its Madison campus by reclassifying 11 med/surg beds of the Madison campus current bed complement. | | The expansion was completed and the 21 bed adolescent unit was opened Q114. |
| 1/25/2012 3/1/2015 8 \$2,412,504.00 | | |
| Dickson Horizon Medical Center Emergency Department CN1202-008 | | |
| A satellite emergency department facility located at the Natchez Medical Park campus & will be connected to the Natchez Ambulatory Care Center which will be used by the ED for diagnostic tests. The ED will provide the same services as the hospital's ED. | | Ground breaking ceremony held 7/15/14. Construction is set to begin soon with a completion target of 5/1/15. |
| 5/23/2012 7/1/2015 5 \$7,475,395.00 | | |

16. Progress Update

According to HSDA records, HCA has ownership in the following approved, but unimplemented Certificate of Need projects:

**Summit Medical Center, CN1402-004A
Hendersonville Medical Center, CN1302-002A
Horizon Medical Center, CN1202-008A
Skyline Medical Center, CN1110-040A**

Please provide a brief two-three sentence update regarding the progress made to date, and where the project stands in relationship to its projected schedule and estimated cost.

The requested summary is attached following this response.

Also attached following this response is the tear sheet from the Chattanooga Times Free Press, in which the Notice of Intent was published on August 10, 2014.

LEGAL NOTICES

LEGAL NOTICES

LEGAL NOTICES



PUBLICATION OF INTENT
TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The following shall be published in the "Legal Notices" section of the newspaper in a space no smaller than two (2) columns by two (2) inches.

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Parkridge Medical Center, owned and managed by Parkridge Medical Center, Inc., intends to file an application for a Certificate of Need for the acquisition of a 3.0 Tesla Magnetic Resonance imaging unit for installation and use on its main campus, located at 2333 McCallie Avenue, Chattanooga, Hamilton County, Tennessee. Parkridge Medical Center is licensed as a general acute care hospital by the Tennessee Board for Licensing Health Care Facilities. No additional beds or changes in services are involved in this project. The estimated project cost is not to exceed \$3,000,000.00.

The anticipated date of filing the application is August 15, 2014.

The contact person for this project is Jerry W. Taylor, Attorney, who may be reached at: Sites and Harrison, PLLC, 401 Commerce Street, Suite 800, Nashville, Tennessee, 37219, 615-782-2228.

Upon written request by interested parties, a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street | Nashville, TN 37243

Pursuant to T.C.A. § 68-11-1607(c)(1): (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

HF0050 (Revised 05/03/04 - all forms prior to this date are obsolete)

3/02/10

LEGAL NOTICES

LEGAL NOTICES

LEGAL NOTICES

FOUR LOTS FOR SALE

EPB reserves the right to reject any and/or all bids received, waive any and all information and/or conditions.

Everyone could work less

Some of the most successful people in the world have advice for the rest of us: Chill out a little bit.

Mexican billionaire Carlos Slim — the second-richest man in the world — told the Financial Times last week that the typical work life of five-day, 40-hour weeks with a goal of retiring in your 60s doesn't work. Instead, he said, people should work 11-hour shifts, three days a week, and plan to work well into their 70s.

Two weeks ago, Google CEO Larry Page told a conference that "the idea that everyone needs to work frantically to meet people's needs is just not true." Most people, he said, could support themselves with less money and be happier with more time off. He said we need a coordinated way to adjust the workweek, perhaps with two part-time workers replacing one full-time worker. "Most people like working, but they'd also like to have

suggested, would take care of both problems. It would add more income to help avert the retirement shortfall

you hear so much about. And since, in Slim's world, workers would have enjoyed four-day weekends for their entire careers, working in retirement wouldn't cut into the amount of free time you get over your lifetime. You would actually have more free time when you're young, able-bodied, have kids and can travel. Some jobs wouldn't allow working into your 70s, of course. But most could. According to the Center for Economic and Policy Research, two-thirds of 58-year-olds are in non-physically demanding jobs.

The second issue is maximizing productivity



Morgan Housel
Molloy Fool




And if I'm closed down at 6 p.m., I'm sending her home just as she's hitting her stride. Her biorhythms may dictate that her best hours are from 6 to 8. Someone else may be alert and prolific after a 29-minute catnap in the afternoon. If I insist on standard work hours, I may be sacrificing a certain amount of employee potential every day. By encouraging uniformity, I lose productivity. By changing the rules, we remove the obstacles that throw people's lives out of whack. When we tell people they're free to work closer to their homes, to come to the office only when they need to, to work odd

AFFIDAVIT

STATE OF TENNESSEE)
)
COUNTY OF HAMILTON)

I, JIM COLEMAN, JR., after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.


Name

Sworn to and subscribed before me this the 26th day of August 2014, a Notary Public in and for Hamilton County, Tennessee.


Notary Public

My Commission Expires: 4-20-16





Aug 14 10:29


LETTER OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Chattanooga Times Free Press, which is a newspaper of general circulation in Hamilton County, Tennessee, on or before August 10, 2014 for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that Parkridge Medical Center, owned and managed by Parkridge Medical Center, Inc., intends to file an application for a Certificate of Need for the acquisition of a 3.0 Tesla Magnetic Resonance Imaging unit for installation and use on its main campus, located at 2333 McCallie Avenue, Chattanooga, Hamilton County, Tennessee. Parkridge Medical Center is licensed as a general acute care hospital by the Tennessee Board for Licensing Health Care Facilities. No additional beds or changes in services are involved in this project. The estimated project cost is not to exceed \$3,000,000.00.

The anticipated date of filing the application is August 15, 2014.

The contact person for this project is Jerry W. Taylor, Attorney, who may be reached at: Stites & Harbison, PLLC, SunTrust Plaza, Suite 800, 401 Commerce Street, Suite 800, Nashville, Tennessee, 37219, 615-782-2228, jerry.taylor@stites.com.


Signature

8-8-14
Date

=====

The published Letter of Intent contains the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

=====

**CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF POLICY, PLANNING AND ASSESSMENT
615-741-1954**

DATE: October 31, 2014

APPLICANT: Parkridge Medical Center
2333 McCallie Avenue
Chattanooga, Tennessee 37404

CN1408-035

CONTACT PERSON: Jerry W. Taylor Esquire

Stites & Harbison, PLLC
401 Commerce Street, Suite 800
Nashville, TN 37129

COST: \$2,968,942.12

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

The applicant, Parkridge Medical Center (PMC) or ("Parkridge") located at 2333 McCallie Avenue, Chattanooga, Tennessee, seeks authorization for the acquisition of a 3.0 Tesla MRI unit. Parkridge is owned by Parkridge Medical Center, Inc. and is an HCA affiliated hospital and part of the Tri Star Health System. The project would include the renovation of approximately 1202 square feet of space currently not being used for patient care. If this project is approved, Parkridge would operate two MRI units, primarily using the older 1.5 Tesla unit for inpatients and those not requiring higher resolution imaging.

The proposed costs, including architectural and engineering, site preparation, and construction, are \$521,097 to renovate approximately 1202 square feet of existing space, at a cost of \$433.53 per square foot. The 3rd Quartile approved cost for renovated construction is \$249 per square foot, with total construction cost at \$274.63 per square foot. The applicant attributes the higher cost to the small project scope and resultant disproportional higher fixed costs, and increased technical requirements for the higher Tesla equipment and technology.

The estimated project cost is \$2,968,942.12 and will be funded by an allocation from the Tri Star Division of HCA. A letter from Parkridge Medical Center CFO acknowledging this arrangement is included in Attachment C, II Economic Feasibility, 2.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

NEED:

The applicant's primary service area includes Bradley, Hamilton, Marion, Meigs, Rhea and Sequatchie counties.

| County | 2014 Population | 2018 Population | % Increase/ (Decrease) |
|--------------|--------------------|--------------------|---------------------------|
| Bradley | 103,308 | 107,481 | 4.0% |
| Hamilton | 347,451 | 353,577 | 1.8% |
| Marion | 28,556 | 28,992 | 1.5% |
| Meigs | 12,205 | 12,643 | 3.6% |
| Rhea | 33,392 | 34,790 | 4.2% |
| Sequatchie | 15,019 | 16,004 | 6.6% |
| Total | 536,931 | 553,487 | 3.1% |

Source: *Tennessee Population Projections 2000-2020, June 2013 Revision, Tennessee Department of Health, Division of Policy, Planning, and Assessment*

Parkridge Medical Center (PMC) is a 275 bed hospital located in Chattanooga, Tennessee. PMC desires to acquire a 3.0Tesla MRI unit in addition to their current 1.5 Tesla MRI. Parkridge will continue to operate the 1.5T unit concentrating its use more on routine cases which would not require higher resolution imaging, and mainly inpatients.

The existing 1.5T MRI unit is located on the second floor in the Imaging Department close to the main patient elevator and adjacent to a small waiting room used for MRI and multiple other imaging services. The current 1.5T MRI unit provides services to both inpatients and outpatients. The current location is readily accessible for inpatients, but outpatients must stop at the pre-registration area on the first floor to complete paperwork then take the main elevator to the second floor for MRI services. As the majority of outpatients are referred for orthopedic diagnosis, many have ambulatory difficulties. By locating the desired 3.0T unit on the first floor, outpatients will have ease of access and a dedicated waiting room.

PMC believes their MRI volumes have decreased due to the age and lower magnet strength (1.5 Tesla) of the existing unit. The acquisition of a higher 3.0 Tesla magnet field is needed to in order to perform certain scans, particularly spine and neurological cases, requiring higher resolution images. The applicant estimates that 1403 exams were referred to outside providers during a recent 12 month period. Included in Supplemental #1, is a letter from Spine Surgery Associates confirming that while the majority of their surgeries are performed at Parkridge Medical Center, some MRI cases are referred to other area imaging providers due to the need for higher resolution scans.

PMC plans to purchase a General Electric Discovery MR750w 3.0T whole body magnetic resonance scanner to better serve the needs of those cases requiring higher resolution imaging. Additionally, patients will benefit from Silent Scan Technology which reduces noise levels and also motion and scan time reduction technologies. Total Fixed Equipment costs are estimated at \$1,736,841.00.

2013 MRI Equipment Utilization

| | County | Fixed Units | Procedures | Mobile Units |
|------------------------------------|-------------|-------------|--------------|--------------|
| Cleveland Imaging | Bradley | 1 | 3509 | 0 |
| Skyridge Medical Center | Bradley | 1 | 2302 | 0 |
| Skyridge Medical Center-Westside | Bradley | 1 | 1818 | 0 |
| Chatt. Bone and Joint | Hamilton | 2 | 841 | 0 |
| Chatt. Imaging Downtown | Hamilton | 2 | 1540 | 0 |
| Chatt. Imaging East | Hamilton | 1 | 2822 | 0 |
| Chatt. Imaging Hixson | Hamilton | 1 | 2386 | 0 |
| Chatt. Orthopedic Group | Hamilton | 1 | 5340 | 0 |
| Chatt. Outpatient Center | Hamilton | 2 | 7292 | 0 |
| Erlanger East Imaging | Hamilton | 1 | 568 | 0 |
| Erlanger Medical Center | Hamilton | 3 | 11558 | 0 |
| Memorial Hixson | Hamilton | 2 | 2488 | 0 |
| Memorial Hospital | Hamilton | 3 | 4356 | 0 |
| Memorial Ooltewah Imaging | Hamilton | 1 | 1049 | 0 |
| Neurosurgical Group of Chatt. | Hamilton | 1 | 1198 | 0 |
| Parkridge East Hospital | Hamilton | 1 | 1024 | 0 |
| Parkridge Medical Center | Hamilton | 1 | 2054 | 0 |
| Tennessee Imaging and Vein Ctr. | Hamilton | 1 | 3165 | 0 |
| Grandview Medical Center | Marion | 1 | 884 | 0 |
| Rhea Medical Center | Rhea | 1 | 1481 | 0 |
| Average Procedures Per Unit | 2060 | 28 | 57675 | 0 |

HSDA Equipment Registry

The 28 fixed MRIs in the service area performed 57,675 exams with an average of 2060 procedures per unit in 2013.

In 2012, there were 27 MRIs in the service area that performed 57,672 exams with an average of 2136 procedures per unit, resulting in a (-3.6) decrease in average procedures per unit from 2012 to 2013.

TENNCARE/MEDICARE ACCESS:

The applicant participates in both Medicare and TennCare/Medicaid. Parkridge expects year one revenues of \$709,739 for Medicare with 36.7% of the payor mix, and \$179,852 for TennCare/Medicaid revenues with 9.3% of the payor mix.

PMC is accessible to all patients regardless of socio-economic status, ethnicity or payor source.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

Department of Health, Division of Policy, Planning, and Assessment has reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine if they are mathematically accurate and the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

Projected Costs Chart: A Projected Costs Chart is provided on page 19 of the application stating the estimated project cost to be \$2,968,942.12

Historical Data Chart: The Historical Data Chart is located on page 23 of the application. According to the HSDA Equipment Registry, the applicant performed 2,320, 2,496 and 2,054 MRI exams in years 2011, 2012, and 2013 respectively.

The Historical Data Chart appears to include all Parkridge Medical Center net operating incomes for 2011, 2012, and 2013 with revenues of \$31,868,000, \$44,457,247, and \$44,577,699 each year respectively.

Projected Data Chart: The projected Data Chart for MRI procedures is located in Supplemental #1. The applicant projects 2,107 procedures in year one and 2,149 procedures in year two with net operating income of \$1,771,919 and \$1,737,062 each year, respectively.

The applicant provided Average Gross Charges for inpatient exams at \$4,970, and Average Gross Charges for outpatient exams at \$4,607, a difference of \$363, citing that inpatient exams have a higher complexity. The Average Gross Charge for both patient types is \$4768 with an Average Deduction is \$3,850, and an Average Net Charge of \$917.

Parkridge enlists the services of Associates in Diagnostic Radiology for radiologic exam interpretation. They are an independent radiology group not reimbursed by PMC.

The applicant maintains that alternative considerations were not considered. The existing 1.5T unit does not provide the higher resolution and capabilities needed for spinal and neurologic exams. Adding a higher resolution 3.0T unit will provide the diagnostic capabilities needed for patients and referring physicians. The renovation of existing space will be cost effective with minimal construction.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

The applicant provides a list of healthcare providers it has or plans to have contractual or working agreements with in Supplement #1.

The proposed staffing for all MRI services will be 2.0 FTE technologists and 1.0 PRN technologist as needed. The same staffing has remained in place during the decline in volumes over the past few years. PMC does not anticipate any problems with the current staff handling the expected future volume increase.

Parkridge Medical Center is a clinical training site for the Chattanooga State Community College MRI program.

The applicant is licensed by the Tennessee Department of Health, Board of Licensing Healthcare Facilities. They are accredited with the Joint Commission, and MRI services are accredited with the American College of Radiology.

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

Magnetic Resonance Imaging Standards and Criteria

1. Utilization Standards for non-Specialty MRI Units.

- a. An applicant proposing a new non-Specialty stationary MRI unit should project a minimum of at least 2160 MRI procedures in the first year of service, building to a minimum of 2520 procedures per year by the second year of service, and building to a minimum of 2800 procedures per year by the third year of service and for every year thereafter.

The applicant projects 2107 MRI procedures in year one, and 2149 MRI procedures in year two. The applicant does not meet the minimum standards.

However, the applicant believes the criterion is more relevant to providers initiating new MRI services rather than adding an additional unit. Parkridge states that applying the current standard would require the existing unit to perform at least 5,040 scans before meeting the minimum threshold for the second unit. This would require a utilization of 1.4 exams per hour, which is above the total capacity utilization of 1.2 exams per hour based on Guideline 4 of the MRI Standards and Criteria. Further, the optimal efficiency for MRI volume is 80% of the total capacity. The applicant asserts that requiring such standards would be near impossible using one MRI unit and would place undue strain on equipment and resources.

- b. Providers proposing a new non-Specialty mobile MRI unit should project a minimum of at least 360 mobile MRI procedures in the first year of service per day of operation per week, building to an annual minimum of 420 procedures per day of operation per week by the second year of service, and building to a minimum of 480 procedures per day of operation per week by the third year of service and for every year thereafter.

Not applicable.

- c. An exception to the standard number of procedures may occur as new or improved technology and equipment or new diagnostic applications for MRI units are developed. An applicant must demonstrate that the proposed unit offers a unique and necessary technology for the provision of health care services in the Service Area.

The applicant maintains that the 3.0 Tesla MRI unit could be considered new technology in that it is of a higher magnetic strength than the existing 1.5 Tesla unit. The increased magnet strength produces images with higher resolution and improved diagnostic quality, specifically needed for spinal and neurologic cases.

- d. Mobile MRI units shall not be subject to the need standard in paragraph 1b if fewer than 150 days of service per year are provided at a given location. However, the applicant must demonstrate that existing services in the applicant's geographical area are not adequate and/or that there are special circumstances that require these additional services.

Not applicable.

2. Access to MRI Units. All applicants for any proposed new MRI Unit should document that the proposed location is accessible to approximately 75% of the service area's population. Applications that include non-Tennessee counties in their proposed service areas should provide evidence of the number of existing MRI units that service the non-Tennessee counties and the impact on MRI unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity (if that data are available).

According to the 2013 HSDA Medical Equipment Registry, of the 2054 total MRI exams performed at Parkridge Medical Center, 1716 exams were performed on residents from the primary service area, resulting in 83.5% of patients residing in the primary service area.

3. Economic Efficiencies. All applicants for any proposed new MRI Unit should document that alternate shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

The applicant believes the criterion is directed at new service providers and not existing providers. Further, it is impractical to require a hospital to investigate sharing services with a different provider in order to acquire a second MRI unit to meet its patients' needs.

4. Need Standard for non-Specialty MRI Units.

A need likely exists for one additional non-Specialty MRI unit in a Service Area when the combined average utilization of existing MRI service providers is at or above 80% of the total capacity of 3600 procedures, or 2880 procedures, during the most recent twelve-month period reflected in the provider medical equipment report maintained by the HSDA. The total capacity per MRI unit is based upon the following formula:

Stationary MRI Units: 1.20 procedures per hour x twelve hours per day x 6 days per week x 50 weeks per year = 3,600 procedures per year

2013 MRI Equipment Utilization

| | County | Fixed Units | Procedures | Mobile Units |
|----------------------------------|---------|-------------|------------|--------------|
| Cleveland Imaging | Bradley | 1 | 3509 | 0 |
| Skyridge Medical Center | Bradley | 1 | 2302 | 0 |
| Skyridge Medical Center-Westside | Bradley | 1 | 1818 | 0 |

| | | | | |
|--|-----------------|-----------|--------------|----------|
| <i>Chatt. Bone and Joint</i> | <i>Hamilton</i> | <i>2</i> | <i>841</i> | <i>0</i> |
| <i>Chatt. Imaging Downtown</i> | <i>Hamilton</i> | <i>2</i> | <i>1540</i> | <i>0</i> |
| <i>Chatt. Imaging East</i> | <i>Hamilton</i> | <i>1</i> | <i>2822</i> | <i>0</i> |
| <i>Chatt. Imaging Hixson</i> | <i>Hamilton</i> | <i>1</i> | <i>2386</i> | <i>0</i> |
| <i>Chatt. Orthopedic Group</i> | <i>Hamilton</i> | <i>1</i> | <i>5340</i> | <i>0</i> |
| <i>Chatt. Outpatient Center</i> | <i>Hamilton</i> | <i>2</i> | <i>7292</i> | <i>0</i> |
| <i>Erlanger East Imaging</i> | <i>Hamilton</i> | <i>1</i> | <i>568</i> | <i>0</i> |
| <i>Erlanger Medical Center</i> | <i>Hamilton</i> | <i>3</i> | <i>11558</i> | <i>0</i> |
| <i>Memorial Hixson</i> | <i>Hamilton</i> | <i>2</i> | <i>2488</i> | <i>0</i> |
| <i>Memorial Hospital</i> | <i>Hamilton</i> | <i>3</i> | <i>4356</i> | <i>0</i> |
| <i>Memorial Ooltewah Imaging</i> | <i>Hamilton</i> | <i>1</i> | <i>1049</i> | <i>0</i> |
| <i>Neurosurgical Group of Chatt.</i> | <i>Hamilton</i> | <i>1</i> | <i>1198</i> | <i>0</i> |
| <i>Parkridge East Hospital</i> | <i>Hamilton</i> | <i>1</i> | <i>1024</i> | <i>0</i> |
| <i>Parkridge Medical Center</i> | <i>Hamilton</i> | <i>1</i> | <i>2054</i> | <i>0</i> |
| <i>Tennessee Imaging and Vein Ctr.</i> | <i>Hamilton</i> | <i>1</i> | <i>3165</i> | <i>0</i> |
| <i>Grandview Medical Center</i> | <i>Marion</i> | <i>1</i> | <i>884</i> | <i>0</i> |
| <i>Rhea Medical Center</i> | <i>Rhea</i> | <i>1</i> | <i>1481</i> | <i>0</i> |
| Average Procedures Per Unit | 2060 | 28 | 57675 | 0 |

HSDA Equipment Registry

The 28 fixed MRIs in the service area performed 57,675 exams with an average of 2060 procedures per unit in 2013. Applicant does not meet criterion.

Parkridge is seeking a second MRI unit to satisfy the needs of its own patients and referring providers, thus re-capturing some of the cases that are currently being out sourced to other providers due to PMC's lack of higher resolution MRI imaging. The re-capturing is aimed at referring physicians employed in PMC's physician group.

Mobile MRI Units: Twelve (12) procedures per day x days per week in operation x 50 weeks per year. For each day of operation per week, the optimal efficiency is 480 procedures per year, or 80 percent of the total capacity of 600 procedures per year.

Not Applicable.

5. Need Standards for Specialty MRI Units.

All of question 5 is not applicable.

- a. Dedicated fixed or mobile Breast MRI Unit. An applicant proposing to acquire a dedicated fixed or mobile breast MRI unit shall demonstrate that annual utilization of the proposed MRI unit in the third year of operation is projected to be at least 1,600 MRI procedures (.80 times the total capacity of 1 procedure per hour times 40 hours per week times 50 weeks per year), and that:
 1. It has an existing and ongoing working relationship with a breast-imaging radiologist or radiology proactive group that has experience interpreting breast images provided by mammography, ultrasound, and MRI unit equipment, and that is trained to interpret images produced by an MRI unit configured exclusively for mammographic studies;

2. Its existing mammography equipment, breast ultrasound equipment, and the proposed dedicated breast MRI unit is in compliance with the federal Mammography Quality Standards Act;
 3. It is part of an existing healthcare system that provides comprehensive cancer care, including radiation oncology, medical oncology, surgical oncology and an established breast cancer treatment program that is based in the proposed service area.
 4. It has an existing relationship with an established collaborative team for the treatment of breast cancer that includes radiologists, pathologists, radiation oncologists, hematologist/oncologists, surgeons, obstetricians/gynecologists, and primary care providers.
- b. Dedicated fixed or mobile Extremity MRI Unit. An applicant proposing to institute a Dedicated fixed or mobile Extremity MRI Unit shall provide documentation of the total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of MRI procedures the unit is capable of performing each hour. The applicant shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total capacity.
 - c. Dedicated fixed or mobile Multi-position MRI Unit. An applicant proposing to institute a Dedicated fixed or mobile Multi-position MRI Unit shall provide documentation of the total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of MRI procedures the unit is capable of performing each hour. The applicant shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total capacity.
6. Separate Inventories for Specialty MRI Units and non-Specialty MRI Units. Breast, Extremity, and Multi-position MRI Units shall not be counted in the inventory of non-Specialty fixed or mobile MRI Units, and an inventory for each category of Specialty MRI Unit shall be counted and maintained separately. None of the Specialty MRI Units may be replaced with non-Specialty MRI fixed or mobile MRI Units and a Certificate of Need granted for any of these Specialty MRI Units shall have included on its face a statement to that effect. A non-Specialty fixed or mobile MRI Unit for which a CON is granted for Specialty MRI Unit purpose use-only shall be counted in the specific Specialty MRI Unit inventory and shall also have stated on the face of its Certificate of Need that it may not be used for non-Specialty MRI purposes.

Not Applicable.

7. Patient Safety and Quality of Care. The applicant shall provide evidence that any proposed MRI Unit is safe and effective for its proposed use.

- a. The United States Food and Drug Administration (FDA) must certify the proposed MRI Unit for clinical use.

An FDA approval letter is included as Attachment B, II, E, (2).

- b. The applicant should demonstrate that the proposed MRI Procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.

A letter from the project architect, Attachment C, II, Economic Feasibility, 1, is included outlining that the project will conform to required specifications. The MRI installation will be performed by G. E. Healthcare in accordance with its own standards.

- c. The applicant should demonstrate how emergencies within the MRI Unit facility will be managed in conformity with accepted medical practice.

There are no separate policies for MRI services, but rather the Parkridge policies and procedures apply to all areas of the hospital. A copy of the PMC Emergency Evacuation Plan is included in Supplemental 1.

- d. The applicant should establish protocols that assure that all MRI Procedures performed are medically necessary and will not unnecessarily duplicate other services.

Parkridge has established protocols in place to prevent unnecessary and duplicative services. Once an MRI order is received, the hospital staff contacts the referring office and insurance carrier to begin the pre-authorization processes. Any exams not pre-authorized as required will be postponed until proper authorization is obtained.

- e. An applicant proposing to acquire any MRI Unit, including Dedicated Breast and Extremity MRI Units, shall demonstrate that:

- f. All applicants shall commit to obtain accreditation from the Joint Commission, the American College of Radiology, or a comparable accreditation authority for MRI within two years following operation of the proposed MRI Unit.

PMC is accredited by the Joint Commission. Documentation is included in the application.

PMC MRI services are accredited by the American College of Radiology. A copy of the certification is included in the application.

- g. All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.

Parkridge operates a staffed 24/7 emergency room on the same campus as the proposed MRI unit.

8. The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.

The applicant assures it will do so.

9. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;

According to the Health Resources and Services Administration website, all or part of each county within the service area are designated as MUA.

- b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program; or

N/A.

- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program.

Parkridge contracts with all TennCare MCOs in the region.